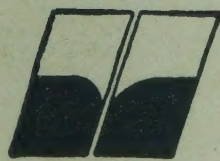


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SOCIAL MARKETING

**A SEMINAR HELD
AT IIM-B on MARCH 22, 1977:
PAPERS & PROCEEDINGS**



**INDIAN INSTITUTE OF MANAGEMENT
BANGALORE**

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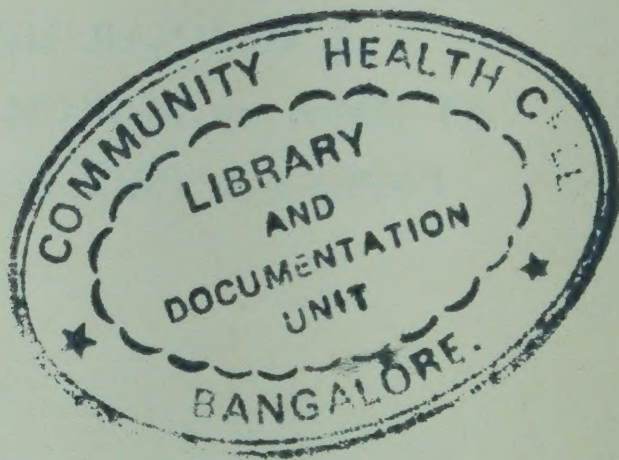
Community Health Cell
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BANGALORE

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Edited by

C. L. NARASIMHAN

INTRODUCTION

1. THE INDIAN INSTITUTE OF MANAGEMENT, BANGALORE, has been engaged, as a part of its perspectives, in the identification and investigation of the various forces at work in rural society, which foster or impede the process of rural development. A number of studies has already been initiated by the Institute on bullock-cart modernization, the management of the Drought-prone Areas Programme at the district-level, nutrition problems in the countryside, socio-politics of rural poverty, etc.

2. While the main thrust of many of these studies is directed towards an examination of the methods and systems required for generating the facilities necessary in the rural areas and augmenting levels of living, our surveys reveal that a major constraint is the gaining of acceptance for the proposed changes and innovations by the rural population. This task has to be undertaken as part of the developmental programmes and projects. Elements of hygiene, medical care and appropriate technologies for rural activities have to be delivered in such a manner that they are acceptable to the beneficiaries-to-be and that do not do injury to their sociological moorings and affiliations or to the assumptions and propensities of the rural culture in a given region.

3. A definitive system of social marketing needs to be evolved for delivering the ingredients of the developmental process to rural markets, and the achievement of consensus in this regard and the implementation of such an agreed programme can, we believe, be attempted by those companies and organizations which are engaged in selling and buying to rural markets and consumers,

and which are, therefore, in constant touch with the people in their rural environment.

4. Social marketing is a simple idea. As papers 4 and 9 show, it is not even a new idea. It has been done before and the good work is still being carried on. All of us, whether in business or industry, or part of the political or administrative process, are eager to take science and technology as well as modernization ideas and techniques to the consumers of these goods and services in the rural areas. Attempts in the past have failed due to one reason or the other; or they have not fulfilled the expectations either of the authorities or of the local population. The reasons for failure range from want of commitment and competence to the ubiquitous resource constraint. If a larger number of organizations, industry and trade and others belonging to the State Government and district-level authorities could involve themselves in this process, not only of providing product benefits but also in the communication of ideas, that would facilitate the socio-economic transformation of the countryside; the rate of change is bound to be much greater. In other words, it is false to impute the slow rate of change to a paucity of resources alone. The Institute intends to organize a series of seminars in different parts of the country to test the feasibility of, and acceptance for, the social marketing concept.

5. The first of the seminars in this series was held at Bangalore on 22nd March, 1977. This booklet contains the papers and proceedings thereof. It sets forth the statistical data which will serve to illustrate some of the issues raised in the course of the seminar and which will throw some light on the contemporary status of the rural economy. I do hope that these papers will evoke social interest among industries and organizations engaged or interested in the rural development process so that concrete and practical shape could be given to the concept of social marketing.

N. S. RAMASWAMY

SOCIAL MARKETING

N. S. RAMASWAMY

In recent years, there has been a growing awareness of the need to take science, technology and modernization ingredients to the rural areas. Our policy-makers have realized that the country's R & D efforts and the education system in science and technology have not become attuned enough to the needs of the masses. In support of this view, it has been pointed out that basic needs, such as a better design for the plough, bullock-cart and agricultural and service equipment, piped supply of potable water to villages, basic education, medical and public health amenities for the rural population, hygiene and rudimentary veterinary services for work animals are not being catered to satisfactorily through the existing systems. There is a host of other problems, such as poverty, unemployment and illiteracy afflicting the rural areas that await solution. In the result, it has also been not possible, after many five-year plans, to improve the levels of living of rural people to the extent planned for.

The problems of the rural sector are not yet fully understood by policy-makers. Consequently, many of the programmes for the modernization of the rural sector have not been well conceived. Even in those exceptional cases, where situations have been studied in isolation and selective solutions found, it has not been possible to transmit ideas to the rural people. In our country, agencies of State have hitherto been solely responsible for the development and modernization of the villages. They have, however, been largely ineffective, partly due to a lack of knowledge and skills in those to whom such knowledge is sought to be transmitted and partly because of the lack of commitment and motivation

in implementing personnel. The tasks of modernization are as extensive as rural society itself, and the problems inherent in them so stupendous that unaided State efforts are bound to be insufficient. It is in this context, then, that the need for efforts by, and systems of, other organizations and institutions to complement and supplement State endeavour has been felt.

Due to a variety of reasons, then, very little was done by way of conceptualization and planning to make rural life viable, and even less was accomplished. Some of the main reasons for this are as follows:

(a) The value system of our society is based on self-interest rather than altruistic or egalitarian ideals;

(b) The career interest of the individual or the private gain motive of an institution receives more emphasis in the present system than social gain;

(c) The education system has a predominantly urban bias and the social consciousness it fosters is neither practical nor purposive enough; and

(d) Manufacturing is still governed by the criterion of profit which is generally achieved through higher margins and smaller turn-overs in a contrived seller's market. On the other hand, most intermediate, consumer and producer goods that can be sold in the villages do not permit high profit margins.

(Profit is taken for granted given the fact of decentralized decision-taking. The wide prevalence of the company form of organization in this country and the fact that agriculture, the single largest sector in the economy, falls within the private domain makes the profit motive well nigh universal. The entrepreneur, who makes losses in the conduct of his business, cannot help himself and cannot therefore help others. To shirk the responsibility of social marketing may be more profitable in the short run. On the other hand, it would not be far-sighted of him not to want to promote his future market in an overall way and to participate in the resultant prosperity to some extent. He should not take his market for granted; he should create it. An entrepreneur

essaying a social marketing approach would not foster frivolous or conspicuous consumption; indeed, he should regard with satisfaction the fact that he purveys education to his client. That is how he does his mite for the production of essential goods, the creation of a staple market in the rural areas and, in a word, towards improving the quality of rural life.)

(e) Infra-structure services in the villages, such as power, education, health, protected and piped water supply and transport, are delivered through agencies of State or others acting in its behest and supported or subsidized by it. These services cannot yet be paid for. The Government agencies are circumscribed by public expenditure constraints and plan limitations and are not therefore impelled by positive motivation. They choose to be ruled in the alternative by negative considerations.

The solution to these diverse and besetting problems and often unsupportable and intractable situations are indeed complex, but perhaps they are inherent in the value structure of the rural society of today. The limitations that derive from the kind of social organizations which rural society has fashioned for itself exacerbate the problem. The scope of this note is, however, restricted in the main to exploring possibilities of contribution by business and industrial organizations as an additional social responsibility towards the modernization of rural society in which they serve and cater for specific needs.

Industrial enterprises with their modern organizations and systems have an obvious role in taking the beneficent findings of science and technology to the villages. During the last few years, national leaders as well as R & D organizations have been applying their minds to finding out ways and means by which business and marketing systems can be oriented to rural development. In the last three conventions of the Science Congress as well as in other meets of professional bodies and academies, the need to do something to accelerate rural development through the application of science and technology has been stressed. Indeed, the FICCI has prepared draft plans of its own for Rural Development and Family Planning. Some industrial enterprises

run joint-stock farms simultaneously; others offer apprenticeships and on-the-job training programmes, and yet others carry on incessant research for product development. Some banks and manufacturers of articles of rural consumption have "adopted" villages. All this is welcome. The sale of manufactured goods in the villages on the one hand and the intake of rural produce by industry on the other are two ways in which the industry-rural interface is at present established and developed. While such work has been limited in the past, there exists undeniable scope for the enlargement of the area of co-operation and interaction. So far, with notable exceptions, industrial units have been condescending in their dealings with villages and concerned only with maximizing their *immediate* returns. Without unduly compromising their long-term objective, it is possible for them so to organize their inter-relationships with rural communities as to improve levels of living among the latter in a number of ways. This is not social service. It is enlightened self-interest — perhaps, self-service with a perspective— because, ultimately, industry stands to gain through progressively growing outputs which are also marketable.

The larger companies, which can afford to take on this additional responsibility, already do so. It would be unfair to suggest therefore that ours is a novel suggestion. In fact, consistent with their size and the scale of their operations, many of the firms have generously imparted a social as well as clientèle service orientation which is moreover adjusted to the needs of specific rural communities. Again, some have gone out of their way to generate jobs for rural people and promote employment in the villages. (It must be noted in passing that the large-scale disruption of egalitarian ideals that widespread unemployment causes cannot be remedied through fiscal measures alone; communities which show high proportions of unemployment do not make good markets for mass-manufactured goods in the long run.) Some firms which have been able to diversify and decentralize production and mix their products have set up ancillary industries in the villages. Yet other merchant houses have formed charitable trusts in the Gandhian tradition, proceeds from which are used to finance the founding and running of schools, hospitals and

housing amenities. Educational institutions, for instance, train village artisans for vocations in cottage and small industries. These are instances where State efforts are being supplemented through the philanthropy and enlightened self-interest of manufacturing and trading establishments as well as through the valuable work of voluntary organizations.

As a pre-requisite to further concerted effort by non-governmental agencies, an attempt should be made, in the first place, to develop a body of scientific knowledge which answers to the felt and neglected needs of rural areas, and secondly, to deliver such action-oriented knowledge in a manner that is appropriate to real and unique rural situations. A fuller understanding of rural problems, both in their immensity and diversity, is, therefore, needed before these two steps can be taken.

By social marketing is here meant the delivery of scientific and technological knowledge as well as skills necessary for bringing up levels of living and work culture so that they do not compare too unfavourably with those prevalent outside the villages. Such services and instruction should preferably be delivered in conjunction with the products and services of industry and commerce, which are marketed in the rural areas. What is proposed here is, as we saw, analogous to what is already being done. Only strategies have to be better thought out and spread over greater extent. At present, some industrial firms provide both pre-sales and after-sales services together with the product itself. These services are available in the case of producer or durable consumer goods mostly. For example, when a boiler, computer or electrical installation is sold to a client, he may reasonably expect the following from the supplying firms:

- (i) An assessment of the technical and other needs of the organization;
- (ii) a product designed according to the client's requirements;
- (iii) assistance in the erection of equipment and training of his staff in the operation thereof;
- (iv) after-sales service in maintenance, upkeep, repairs and rectification of situations caused by major breakdowns either wholly free of charge or at nominal cost; and

- (v) the provision of printed manuals, etc., which would enable the client to care for his equipment and gainfully to exploit it to the utmost.

A more pointedly relevant example which would also be more appropriate to the rural context would be the associated services rendered by manufacturers of fertilizers. They help the farmer with soil testing and recommend fertilizer dosages, interculture, multi-crop regimens and improved methods of cultivation. They employ modern techniques of communication as well as marketing to sell contemporary techniques and culture practices, which serve not only to promote fertilizer consumption but to bring science and technology to bear upon wasteful and often retrograde cultivation techniques. This approach can be extended to other products. For example, large companies which at present sell soaps and detergents can arrange demonstrations and the screening of documentaries to illustrate rudimentary concepts of personal hygiene and public health. Likewise, firms making pharmaceutical products can develop films and other mass-media instruments on health care and sanitation. Steel manufacturers would help themselves more than they help villagers if they would deign to advise on the choice of materials and designs for agricultural implements and also produce graphic aids of lasting value which illustrate the right use of implements and maintenance practices and which ensure long life and impart resale value to the implements. Steel and its alloys enter as raw material in innumerable items being used daily in the villages. Until the other day, steel manufacturers were content to sell to captive buyers and to function perfunctorily in a shortage economy, where no great call was made on their marketing ingenuity.

The materials now being used in agricultural equipments are all wrong, and they are not designed scientifically. There has been, in consequence, much wasted effort in the local manufacture of ploughs, pulley blocks, buckets and mason's and carpenter's tools. Steel companies should bestir themselves and start R & D work in order to standardize and publicise new designs, methods of manufacture as well as of field use. Accordingly, they would

also diversify their production. This is the minimum they could do to deal with a glut.

The new tyre companies which have appeared on the scene can, as a further example, help in designing bullock-carts adapted to local condition and use, which increase efficiency for given draft capabilities of work animals. (In fact, Dunlop did this in the thirties.) Food-processing industries, which yield high returns and, moreover, use raw materials of rural origin, have clearly a great role to play in nutrition education in the villages. Companies which market kerosene and other petroleum products in the rural areas can educate villagers in the economic and balanced use of all energy — bio-energy, electricity and fossil fuels. Firms producing pump-sets, electrical motors and other electrical appliances used on the farm can arrange demonstrations in the efficient and conserving use of the goods they sell as well as in the optimization of yields. Most importantly, they can advise farmers on the economical use and husbanding of scarce water resources. In fact, such examples can be multiplied endlessly. As against the products of industry sold in the rural areas, the produce of rural areas are procured by industry on a wider and larger scale for processing and use as raw materials and as intermediate products in manufacture. The social marketing ideas outlined above apply equally to the purchase of rural products by industries. The delivery to the rural areas of the relevant findings of science and technology and ideas for modernization can be mediated by these transactions as well. Improving the product palpably for the benefit of the farmer can be a first step in a continuing process. Often farmers cannot be bothered to deliver clean products of standard quality which conform to specifications partly in the false belief that they get more for larger quantities of sub-standard goods. It is a fact of rural culture in our stage of development that villagers are cynical about quality. That they lose out on goodwill does not enter into their thinking. Moreover, even the wages for the cleaning of produce — foodgrains, jute, cotton whatever — are denied to the rural people for the cleaning is being effected and paid for at the other end of the processing chain. Grading and standardization are two other operations the farmer does not appear to be keen to take on. Even in the case of fruits and

vegetables, the grading is done in the market. If the farmer were to do the grading himself, he could probably claim a better average price for his products. If the industry purchasing in the rural areas would only take pains to educate its supplier-farmers and foster the requisite attitudinal changes, the farmer as well as the community at large would benefit. This way, it would work out cheaper for the company in the long run.

The industrial buyers of raw materials could also help in product improvement and diversification of agricultural operations through appropriate extension methods. Just as the farmer is not aware that the price differential for quality will far exceed any money he expends to ensure this, he is not aware how much more he can earn through switching to a new crop. Both knowledge and willingness, which do not always occur together, can be fostered by the senior industrial partner in this inter-relationship; what is the kind of produce to which a given plot of land is most suitable? Which, in a given market situation, is the most profitable crop to raise? Who is the better buyer to go to — one who pays a smaller price and advances money for inputs — or another who pays snap take-over prices? Efficiency may be impaired by lack of finance or lack of specific inputs, and these gaps should be willingly filled by the senior industrial partner. Ability may be impaired also if specific skills for preparing a raw material or making an intermediate product is wanting in the farmer.

Industrial R & D can find new uses for rural products, or enhance the economic value of old ones. I should like to mention two projects in particular which serve to illustrate how, with a little imagination, productive employment in the rural areas could be promoted and widely distributed as well. With its highly experienced and far-flung marketing network, Hindustan Lever have successfully augmented rural incomes in Ettawah district of Uttar Pradesh. The firm advances quality inputs and seeds as also liberal credit for other uses so that crops of high quality peas are raised for dehydration and sale in special packings. Its support to mixed farming has likewise resulted in the diversification of milk products and infant foods, which, in turn, have conspicuously shored up urban nutrition standards among vital age-groups.

More recently, Hindustan Lever have been collecting *sal* seeds from tribal forests and have been exporting them in processed form for use in chocolate-making abroad. The project is self-financing, generates incomes and employment in a backward area inhabited by a class of people identified as under-privileged and earns foreign exchange besides. This is Management of Science and Technology at its best. The collection of waste paper and scrap metal from town garbage in order to add to scarce national supplies is similar, but in our terminology, it is a voluntary project in which the people concerned help themselves rather than look to an outside agency for organization or know-how inputs.

Social Banking and Management

The novel marketing principles proposed in this paper have great relevance to rural banking which can, I believe, find extended application therein. Amidst all the exhortations to lend to farmers and increase the share of agriculture in the total credit available to the economy, small farmers and middle-level ones are notoriously shy of borrowing from commercial or nationalized banks. The money-lender who is now being replaced was a highly sociable member of the village community, (he was indeed a "friend, philosopher and guide," of whom Darling spoke nearly five decades ago) whom the farmer understood well even if he feared him a little. He could be solicitous, understanding and accommodating in a degree that made up for his exorbitant charges. The villager looks for the warm relationships of the family even in a community setting and finds the contractual transactions of modern banking a little discouraging. Also, traditional attitudes of suspicion towards city-slickers appears to die hard. Used to paternalism, many of them want to be cared for. Social banking is a suitable instrument of development because it implies closer emotional links as between the participants in the productive process in the primary sector. Curiously enough, the villager has been more willing to save than to borrow even if he can little afford to do the former. Rural banking therefore calls for much greater preparation by the rural branches of nationalized banks and by the proposed rural banks themselves. This preparation will roughly follow the guidelines laid down by the Indian Tobacco Company (ITC) or by Hindustan Lever; the latter's work was

adverted to earlier. All this is not to deny, however, that banks have made some headway in lending to farmers who have taken to dairying as a subsidiary occupation. The banks can provide information on the choice of a milch animal, its maintenance and the marketing of milk and milk products. Traditionally, milk was "stored" in the form of *ghee*, and in the absence of chilling facilities, bankers can persuade their borrowing constituents to take to the making of milk products. Alternatively, enterprising bankers can encourage farmers to form themselves into small companies so that their output can be preserved, chilled and transported to distant city markets. They should, as a rule, befriend the farmers and undertake feasibility surveys for new crops, determine the product-mix in mixed farming, formulate projects on behalf of their constituents and even undertake the training of personnel on their behalf. Some banks have already employed agricultural graduates so as to be able to offer consultancy services to borrowers. Isolated cases are also known of banks which lend to would-be artisans who have subsequently repaid their loans from current earnings after setting up in self-employment. The insurance of crops and of farm and milch animals has not made much headway even in the industrialized countries of the west, but there is a crying need for them in India's villages. They can be successfully initiated only through the agency of rural banks, general insurance companies or industrial institutions which adopt progressive policies of social marketing.

In conclusion, social marketing must be distinguished from infra-structure marketing which refers to the work of public utilities and, say, the local education and health departments. What these latter can achieve by way of modernization is limited by the fact that the disposable surplus from their operations is negligible if it exists at all. Often, their services are rendered free of charge as in the case of primary education, or they are heavily subsidized as in the matter of irrigation water or electrical energy delivered at the farm.

Organization and management are a critical resource input for a poor nation where the bulk of the work force falls within the non-organized sector, and the Institutes of Management have of late been stressing its importance for the Indian economy.

Many industrial enterprises in this country are well staffed by professionals and employ serviceable systems and techniques of organization. They enjoy the advantage, too, of highly motivated staff and pace-setting and *avant garde* standards. Many of them employ field salesmen who visit villages regularly in the process of their legitimate work and have to assess the needs and demands of villagers for their products. Typical products produced and marketed by well-run companies which employ carefully thought-out systems and techniques of organizations are: vanaspati, detergents, tea, coffee, kerosene, diesel oil, tobacco, pharmaceutical products, fertilizers and seeds. In the smaller towns and district headquarters, manufactures, such as spares for tractors and trailers, tyres and agricultural implements like power-tillers, are also offered for sale. The considerable proportion of their time which salesmen spend in the villages can be put to better use in the service of social marketing. All that has to be done is to motivate salesmen and restructure their schedules and job content.

Agriculture is one of the most ancient occupations known to civilization, and in this old and tired country of ours, villagers are in great need of entertainment and diversion from the drudgery of routine, the dead hand of the past and the profound tragedy of poor living without surcease, solace or recourse. Villagers are as a result disposed to attend diligently to any impressions brought to bear on their consciousness by way of films, plays and information systems derived from the modalities of their own work culture. By launching on new activities allied to their marketing work, manufacturing firms would, I feel, stand to benefit in the following ways:

1. They would get to know the villager better who is proverbially slow to speak his mind and whose attitudes are more attuned to stability rather than to change. Such contacts between marketing personnel and village populations can be a fruitful source of feed-back both for extended and intensive selling as well as for the development of new or improved products.

2. In a developing economy, firms, which sell in the rural areas with value added to rural development, are bound to enjoy greater public esteem.

3. Above all, the firms will gain greater exposure for their products among the village public.

Clearly then, advertisement funds if deployed on such innovative strategies would be more fruitfully spent than on orthodox newspaper campaigns which companies today tend to rely upon heavily.

Each company which launches on a major programme of sales in the villages will have to assess the situation for itself in relation to its products and clientèle. Marketing personnel must therefore be trained and oriented to their new tasks. Printed literature, films, documentaries and all the tools of modern communication will come in handy in this noble enterprise which would prove highly beneficial not only to the firms but to its clients as well. In a word, *social marketing should become an essential part of product marketing* — both buying and selling in the villages.

A NEW ROLE FOR INDUSTRIAL ORGANIZATIONS IN THE DEVELOPMENT OF RURAL AREAS: A SOCIAL MARKETING APPROACH

K. L. K. RAO & R. P. IYER

Introduction

For the purpose of this paper, the term “social marketing” will connote the delivery of resource inputs and technological and organizational knowledge to the rural areas through the systematic efforts of industry engaged in selling to the rural areas. It is visualized as a dynamic social process through which industrial enterprises, at present orientated to the urban areas, can adjust themselves to the objectives of rural development and to the human and social values given and implicit in rural culture.

Till recently, industrial organizations and corporate entities in India concentrated on marketing as a means of making higher profits through greater sales. Its potential as a means for involvement and participation in rural growth and for evolving autonomous marketing strategies entailing greater participative interaction between producer and consumer has not yet been estimated. One can think of many reasons for this. Such creative innovations would call for higher outlays on marketing though not physical investment in the rural areas. One way to approach social marketing is to regard expenditures on it as investment in human resources in rural areas. Rural outlets for goods of urban origin are still limited by low incomes and their maldistribution arising from rural under-employment and unemployment. Also the clientèle in the rural areas is unorganized, fragmented and their cultivation unrewarding in the present state of things. Undeniably, the fact that the goals, values and life-styles of the two cultures

are mutually exclusive and attitudinally incompatible must make some difference to the rural market potential.

The All-India Debt and Investment Survey conducted by the RBI in collaboration with the National Sample Survey Organization in 1971-72 only confirms this view. Analysing the assets of the rural households — land, livestock, machinery, implements and utensils — the study notes that

- (1) average assets per household of the rural poor amounted nearly to about Rs. 1,000;
- (2) the physical productive assets, valued at roughly between Rs. 300 and Rs. 600 per household, were too low for productive activity and could barely meet the basic needs of such a household; and that
- (3) the value of durable goods in an average household was estimated at between Rs. 100 and Rs. 300.

The study identified these people as the rural poor who depend upon native wit and unaided physical labour and on their skills, such as they are, and their productive assets have low mechanical advantage factors and do not multiply the output imputable to labour severalfold as a tractor or even a power tiller does. They are particularly vulnerable and doubly exposed to uncertainties of weather and the resultant fluctuation in the price and output of the commodities they raise.

As part of its larger perspectives, the IIM-B has been engaged in identifying and investigating the various forces at work in rural society which foster or impede the developmental process. A number of studies have already been initiated by the Institute; bullock-cart modernization; the management of the drought-prone areas programme; the maintenance of tools and equipment; skill formation in the unorganized sector; nutrition problems in the countryside; the socio-politics of rural poverty, etc. While these studies relate, in their main thrust, to an examination of the methods and systems required for providing the impetus of growth in the rural areas and for raising the levels

of rural living, they point to the need of greater understanding and appraisal of rural society's requirements themselves. For example, our studies in the pattern of steel consumption have been revealing. In fact, we believe that our findings regarding steel are quite representative of other commodities bought and sold in the rural areas as well. We quote below some of the typical responses of villagers to our questions:

We have been using these implements for ages; they are a legacy in the family, and we continue to buy the same.

We keep only a few implements, we buy a few from time to time as and when we need them. We also borrow a few others during the season from friends and neighbours. We simply cannot afford to own them all.

We do not know which of the implements we buy are made of iron and which ones of steel. We go by a rule of thumb; the heavier the implement, the better it is.

How can we know anything about efficiency? We have not had the chance to compare. These are traditional tools, and they seem to do the job. Scrap from obsolescent trucks is thought of as the best, and in fact, most of our implements are believed to have been made therefrom.

Mostly we buy them second hand at shops or weekly fairs. Apart from these, our local smithy forges some tools for us. We use the one or the other depending upon the quantities involved and the urgency of our needs.

We feel the prices charged to us by our sellers are high; but we cannot be sure as there are no other dealers with whose prices we can check.

We do not know who makes these implements that we buy. We do not know of any company that specializes in them.

We have not been told how we could put our implements to better uses.

Agricultural Extension Officers tell us more about when to use the implements rather than whether they are suitable at all.

We have hardly ever seen iron and steel being used for building in the village.

We have had some of these things with us for over 50 years; cradles, iron safes, lanterns. Some goods, we change every two or three years. Others we go on mending until they cannot be repaired or used any more.

Our local smithy is our only repair shop. Some of the blacksmiths are talented; but then, where will they get the money from to make the goods, stock and sell them?

The less said about the co-operatives the better. They are not for poor people.

We hear commercial banks provide credit to village people nowadays; but getting a loan out of them is a real headache.

This is the crux of the problem; the need for changing the temper of the existing system and gradually to bring about the required attitudinal changes. The rural population should understand the need for economizing on the use of water before they can learn all about water management; the need for personal hygiene before understanding the use of preventive medical care; and imbibing a minimum of skills before they may become entrepreneurs and so on.

Need for An Approach

There is need for the development of co-operatives, the provision of banking finance, the setting up of agencies like the DPAP, SFDA, MFA, rural institutes and agricultural Universities. There is need, too, for the extension plans of the directorates of

State Government Departments engaged in rural development and agro-industry corporations engaged in the sale of agricultural equipment, pesticides and cognate products. Last but not least, the constructive work of voluntary rural organizations has been invaluable in this enterprise. We have all these. Nevertheless, the work of these agencies has not led to tangible results. Social marketing can make all the difference since skills here are happily joined to self-interest.

At the present time, business organizations appear to be concentrating on functional product specialization in the rural areas. What is required is to know their needs as they themselves do not regard them and to educate the farmer, the cultivator, the artisan and then introduce an element of marketing understood in the conventional sense. If there is a *quid pro quo* involved in this dialogue or transaction, it is between the transfer of personalized *know-how* on the one hand and the cultivation of a possible market on the other. The first step in rural marketing is therefore to take stock of the situation and make provisions for the transmission of necessary worked-out information in a way that is intelligible to the rural community.

The problems of rural development have, of course, received attention from our planners in the past. Considerable developmental resources have been committed to the improvement of the rural economy. Much waste land has been claimed for cultivation, while simultaneously the productivity of land already under the plough has been improved through the provision of irrigation water and other inputs, making intensive cultivation possible. The development of infra-structure has likewise received priority. New roads have been laid, grain storage facilities generated and food-processing units established. Successive development plans have also sought to vest initiative in rural institutions to provide extension services, to supply credit, to distribute inputs and to arrange prime marketing facilities or improve on existing arrangements. To put it succinctly, what social marketing must aim at is not just modest improvements in the yield per unit of land, or an extra crop or two during the dry season, or the propping up of the rural economy through make-believe programmes of

employment for the poor and the improvident. What is called for on the other hand is more comprehensive and fundamental — the scientific and integrated use of all our natural resources, and as part of this process, the volitional involvement of every person in a productive and socially useful occupation so that he or she may derive an income from it that would meet at least his or her basic minimum needs. The systematic application of science and technology can make such an objective attainable sectorwise. How does one go about this task? How do we organize ourselves for reaching this goal?

Quantifiable norms and targets in crop yields and consumption standards, important as these are, cannot constitute a sufficient approach; but they are necessary. For attitudes are at least as important. What is at stake in a larger sense is the changing of old habits of thought and action. “This will need to be attempted through a combination of economic incentives and mass education.” During his life-time, Mr. Jawaharlal Nehru stressed repeatedly the importance of inculcating a scientific temper among the masses, not merely for improving their performance as economic agents, but for changing their thinking and approach totally. What he visualized was nothing less than political education for the citizens of a country that had just become free — an education in citizenship as well as in civic life. The ramifications of such education ranges over the entire spectrum of everyday activity — from sanitation and health to nutrition and family planning. “Such a process of mass awakening and education will make them fight not only superstition and disease, but also social or economic oppression from whatever sources they may emanate.”

An Inventory of Needs

Every culture, the word being used in the anthropological sense, is more or less efficient in evolving its own material culture — amenities, such as housing, implements, tools, vehicles. Trying to change all these facilities all at once may impart a shock to stable systems not designed for excessive change. Industries which go to the villages with findings of science and technology as an adjunct to their marketable products should try to make a

detailed analysis of how skills and materials locally available can be used to provide an infra-structure for the development of the countryside. For instance, there is a certain logic that explains the variations of building materials over the country's regions; these are a function of the availability of materials in the region, the climate, topography, soil, the nature and frequency of wind or rainfall, etc. A contemporary architect cannot afford to ignore the history of the material culture of a people or of a region. By studying it, he should be able to understand better practices extant from earlier times, as well as the current preferences of people with a traditional or consciously modern frame of mind. Received culture is usually more functional, and new designs of cheaper and acceptable dwellings for present-day rural populations can normally be obtained by stabilizing extant types.

The first task, therefore, is the preparation of an inventory of things used in the rural areas in respect of established traditions, their practical utility and their amenability to improvements which are also feasible.

Improving Skills

A carpenter, a blacksmith, a tailor or a barber can perform his function by virtue of herited skills or on-the-job training. They do not have the means or the opportunity of improving these through formal training; they simply cannot afford to get away from their jobs for any length of time. Here, industrial organizations can help by imparting to them the necessary additional training to enable them to increase their skill equipment. A six-to-eight week training programme on the job and a subsequent follow-up should take care of most retraining necessary in the villages. Progress in the training of artisans would be measured by the increase in output and incomes such training makes possible. Also, demand is a constraint on the scope for additional training in many villages.

Technology Diffusion

It is necessary to upgrade technologies in use in the rural areas through minimal mechanization, the use of chemical inputs like fertilizers, pesticides and the balanced and economic use of

water. The objective is to increase incomes through improved resource-handling procedures. Wherever possible, instruction in improvements should take place at farm level and should make full use of existing rural institutions, such as the Panchayat or the co-operative. Cognizance should be taken of the fact that leaders of existing rural institutions tend on occasion to become vested interests. Where leadership has become dysfunctional or counter-productive, attempts should be made to get round them without provoking adverse reactions.

Entrepreneurs setting up industries in backward areas are known to complain that they cannot obtain skilled labour. What really happens is that workers from urban areas go back to the villages to take up the new-found employment. In consequence, labour costs to the employer rise as he must provide the necessary incentives for the reverse migration to take place. If skills in the manning and operating of machines can be generated through rural polytechnics or industrial training institutes through apprenticeship, on-the-job training or non-formal methods of education, these problems can be tackled in some measure to the advantage of the local community. Who should foot the bill for such a junior polytechnic or the industrial school? Surely not the Government whose formal responsibility it is of course; but in educational policy, even groups of villages do not qualify for this amenity because of the low standards of literacy or even of demand. Groups of industries which are concerned with the industrial development of backward areas should, as a first step, try to set up technical schools or polytechnics and generate the skills necessary for their enterprise. The scope of training may be restricted to their own needs and need not conform to prescribed curricula or certification standards.

Consortium Approach

A programme of vast scope and magnitude cannot be popularized and made effective through any single organization or body of men. A consortium approach, with a number of component elements, which reinforce each other and work in concert, would, we feel, be the right answer.

The initiative for such a project by a group of industries may have to come at the socio-political level through propaganda, education, demonstration and the mobilization of village enthusiasm. A sustained and broad-based rural action programme is inconceivable without political initiative and support.

Summing Up

To sum up, the idea is that companies marketing products should study the social and economic conditions in rural areas as well as the inter-face between their marketing strategies and the knowledge and skill requirements of the local population. They would then be equipped to deliver science and technology and modernization inputs together with the products they supply. In other words, it is not enough to sell; there is need to transfer know-how on the use and maintenance of products and services consumed by the rural sector in order to make marketing more meaningful in the villages.

THE ROLE OF INDUSTRIAL ORGANIZATIONS IN DEVELOPING THE RURAL SECTOR—II

The emphasis in integrated rural development has generally been on increasing agricultural production, but experience has shown that increase in agricultural production alone cannot lead to the socio-economic advancement of the rural community. If the overall objective of rural development is to be fulfilled, increments in production must be matched by reasonable growth of profit margins (these are now low or non-existent in the case of small or marginal farmers) and of consumption standards. All three above constitute the minimum condition of rural development.

Industry has played its role in increasing production of manufactures by increasing employment opportunities in the urban areas; by effecting import substitution and export promotion; by increasing earnings in foreign exchange on revenue account in foreign trade; and by increasing earnings from financial investment, the holdings of which are now better diffused among the

classes than ever before. It is intended that the industrial sector should work towards the balance of best interests of those persons and organizations that have a stake in industrial organization. These include the buyers of goods, the suppliers of raw materials and intermediate products, the investors of capital, the lenders of money, the providers of services, workmen and employees, those sections of society which are ancillary to industrial organization and the country at large to which industry contributes substantially in the form of direct and indirect taxes to the State and Central exchequers. These contributions must receive iterative emphasis in any study of industrial society in our country, and the point cannot be emphasized overmuch.

Must National Goals Subserve Enlightened Self-interest?

Sometimes enlightened self-interest has been subordinated to larger community or national goals. However, the profit element need not be a deterrent to progress. Indeed, profit was the principal catalyst of the Industrial Revolution, the greatest of all in history. And it is profiteering that has to be controlled. Various social constraints and regulations enjoined upon industries, the readiness and diligence with which some of them have adjusted themselves to Plan needs and co-operated in fulfilling Plan objectives and targets, and Liberal policies pursued by progressive industrialists — small, medium and big — have gone a long way in mitigating the hardships of consumers, producers and of society itself.

State Incentives for Location of Industries in Backward Areas

The Government has taken various steps by providing incentives, tax holidays and tax allowances or funds retained for depreciation, cash subsidies and marketing support to control location of industries so as to favour backward regions and so as to bring about balanced and equitable industrialization of the country. However, these measures have not been decisive in reducing sectoral, regional and income disparities. For the most part, benefit-cost analyses at the micro-level have influenced decisions regarding the choice of sector, product and location. Social benefits and social accounting have not entered into their calculations much.

As yet, individual industries contemplating the location of manufacturing units in backward areas, find that Government subsidies and incentives are more than offset by gaps in infrastructure and difficulties unforeseen during planning. It is still true that the accountant or the project appraiser attached to intending investors take into account short-term returns rather than the long-term yields and certainly not the project's contribution, if any, to national growth. No attempt is made in project formulation to introduce social objectives or benefits.

New and Dynamic Perspective

This way of viewing things needs to be revised against new perspectives. Again, a sprinkling of a small number of industrial units in the backward areas cannot by themselves make for equitable or balanced industrial development over the country as a whole. An organized approach by groups of industrial organizations rather than individual units would be necessary to rectify backwardness. A group of industries can overcome imbalances in development—all of them acting together. Other incentives include the treatment of sales tax dues as loan either wholly interest-free or serviceable at low rates of interest, the provision of infrastructure, land at cheap rates, consultancy arrangements, the provision of water and power and land for the project site not to mention contribution by various central financial institutions, a higher debt-equity ratio, cash subsidies from the Central Government and the like.

Organized Approach by Industrial Groups

Just as the Government has tried to organize its approach to rural development, it is essential that groups of industries should constitute themselves into trade and industry associations like the All India Manufacturers' Association, the Chambers of Commerce, etc. This, they already do. This apart, a number of industries complementary to each other will need to form themselves into a consortium of some sort; to draw up agreements to pool their resources and technology; and to divide their function so that the development of the backward area in question becomes a feasible proposition. If this is done, they can make a continuing, even perennial contribution to the problem of backwardness in

the area of their choice. Such organization should be a first step in a series — in the service of a long-term plan for the development of the rural sector.

Industrial Investment

The total contribution of the industrial sector to the economy would not exceed 10 to 12 per cent of the aggregated outlay on all development. However, new industries exercise a more than proportionate influence on local and regional development. It has a multiplier effect which can be measured independently of the total effects of development, and its spread-effects benefit the community both directly and indirectly. This fact should not be lost sight of in any discussion of regional backwardness and rural development.

Various committees and conventions have discussed the social responsibilities of business. The basic point is that, hitherto, industry's efforts have simply not been urban-oriented. The unorganized sector is, as the designation implies, dispersed and fragmented and as such has not been thought of as too important in a total sense. This derives from the undeniable fact that, critically important as the unorganized sector may be, it cannot by itself be a pace-setter constrained as it will be by its size. People belonging to larger industrial houses — public and private — should take in hand the upliftment of the non-organized sector and make it a pace-setter. If the industrial sector cannot accomplish this job through their combined efforts, their contribution to the tasks of development is bound to be adjudged as marginal and of little consequence.

Social Investment

The question in rural development is whether the level of education or understanding obtaining in the rural sector is sufficient to absorb the development process. Unless this state of affairs is regarded as an impediment (and not as an opportunity for exploiting rural folk as consumers), the progress of the rural sector will continue to be jeopardized. Things have come to this pass in this country in spite of the fact that the many educational institutions both in the urban and rural areas (the former pre-

dominating) are run with trust funds financed by industry — from cash surpluses generated in the urban areas and transferred to the rural areas. There are provisions in the Income Tax Act to provide relief for such contributions.

Industries have the necessary human resources to help identify the reasons for the relative backwardness of the village community and for remedying the under-employment or disguised unemployment endemic in the rural areas, which account for the bulk of the country's area and its inhabitants. This untapped human and material resource potential requires to be exploited. The role and responsibility of the industrial sector for such rural development should not be under-estimated.

Role of Management in Social Change

The functional areas of Industrial Management should bear a realistic relationship to the social structure, personal, societal and social values of the rural community if parity with urban growth is to be achieved. Some of the instrumental objectives which have to be realized are:

1. The reduction of under-employment and disguised unemployment in the rural areas.
2. The provision of adequate levels of income to the family as the unit in the rural areas.
3. The provision of opportunities for the development and utilization of potential as well as realized abilities.
4. Industries should attempt to improve technological efficiency in the rural areas through the choice of the products they make. Though much attention and effort have been directed towards advanced science and technology, such as rocketry and space research, sufficient thought has not been bestowed on technology necessary for priming and triggering off growth in the rural sector. Modes of rural transportation and tools and implements in the rural areas, which have antecedents going back

to the stone age in history, have to be rehabilitated for rural technologies in contemporary use.

5. Well-organized and all-round development can help in the growth of a whole neighbourhood if an industrial unit is located adjacent to it.

6. Attempts have been made by State Governments and their local bodies to provide basic amenities, such as water and power to the rural community, but these have not necessarily led to balanced development.

7. With the development of industries in the rural areas, the benefits accruing from rural electrification and the better exploitation of surface and ground water can be used to greater purpose. Even organized preparation for infra-structure work like the above can bring it home to the rural community how practices adopted by them have been wasteful of resources that have gained high scarcity value elsewhere.

8. Such industrial development as has taken place in rural areas has continued to be conventional in character and usually results in the conversion of rural into urban centres. All efforts must be made to avoid imbalances and these could be attempted from the vantage point of social perspectives evolved in IIM-B.

9. The resources and outputs available in the villages have not been exploited up to commercial standards. Industries adhere cautiously to traditional paths of safety but must now come forward productively to utilize the material outputs of the rural sector so that the resulting value added can go partially at any rate to increase productivity and incomes in the rural sector.

10. At the same time, new industries should be started which use rural produce as raw material or intermediate products.

11. A large part of the benefits of rural produce do not, at present, go to the producer of rural products. The existence of a disproportionately large number of middlemen dilutes the income

of the rural community, and it should be the responsibility of the organized sections of the community to ensure that the fruits of labour go to the workmen. Also, in the case of many commodities of rural origin, there is scope for a revision of the terms at which rural produce is exchanged for urban goods. This is another way of saying that many of them deserve better prices the benefits of which accrue to rural producers as it has not hitherto. Agricultural labour, which cannot resort to collective bargaining as industrial labour can and has done, does not in many places get the minimum wages awarded to them because in many cases, farmer-employers cannot afford to pay more. The marketing system has, therefore, to be worked in such a way that the rural producer gets a reasonable profit as well as an income for his endeavours.

Conclusions

To conclude, the things that can be done may be listed. A multi-pronged effort is straightway called for.

1. The development of appropriate technology for the rural and backward areas according to the resources available, material and human.
2. Transfer such knowledge as is available in the urban sector and as has a bearing on rural sector problems with a view to updating and consolidating rural technologies.
3. To use various ways and means to improve the understanding of villagers through meaningful and relevant education.
4. To develop educational institutions in the backward areas so that the rural community may acquire the skills and attitudes necessary for development.
5. A concerted effort has to be made to understand rural traditions and preferences—this in particular by urban people who have an industrial background.
6. R & D must address itself to the problem of gainfully utilising and exploiting resources originating in the rural sector.

7. The proposition that it is necessary to migrate to the urban areas in order to have a job or to be well off which is given great credence to must be rejected and contradicted. It should be possible to take prosperity to the rural areas themselves.

8. The villages must be shown how they can efficiently use the resources available to them for development. In all this, the technological and the managerial expertise from the organized industries should be available for the process of rural development.

THE RELEVANCE OF SOCIAL MARKETING TO RURAL DEVELOPMENT

NITTALA V. RATNAM

Introduction

To an agricultural specialist, rural development has all along been synonymous with agricultural development. This confusion of the part for the whole is justified for two reasons. Firstly, rural development has hitherto been devoted exclusively to activities oriented to increasing the purchasing power in the hands of rural people while generating at the same time opportunities for gainful employment within the rural sectors. Secondly, this productivity orientation in rural development has by implication meant enhancing the productivity of agriculture which is by far the dominant enterprise in the rural areas as also the most important constituent of the primary sector. In Integrated Rural Development, the work of the development departments in the district are furthermore sought to be horizontally integrated. And this latter development has brought an area approach into the bargain. The short-term or immediate objective of this approach will be to increase the purchasing power and the opportunities for gainful employment in the rural areas. The long-term objective of this programme as at present formulated calls for the judicious exploitation of the eco-system as a whole for the benefit of both contemporary and future inhabitants of rural communities.

Marketing in Rural Development

Agricultural production should seek to generate a marketable surplus. The need for better organization and systems for marketing both agricultural inputs as well as agricultural outputs has been widely recognised. In Integrated Rural Development,

however, greater emphasis has come to be placed on the production sub-system than on the consumption sub-system, which is often left totally out of the reckoning. The corrective policy that suggests itself immediately is that agriculture should strive to generate surpluses but the savings and the investible funds so generated should be available for the economic or industrial development of the country. While this is in conformity with development theory, the important question that is missed here is how best to effect such savings and transfer them to the urban sector. In the history of development, it has been explicitly noted that this is achieved though the parity pricing mechanism—by underpricing farm products in a developing and predominantly agrarian economy. Our experience in the promotion of food-grains production suggests that this objective can be accomplished through rapid technological revolution in agriculture but, in the absence of such technology, the overt depressing of prices through the control mechanism can have adverse repercussions on agricultural productivity. In developing countries, this might furthermore involve the violation of accepted norms of social justice.

Rural development cannot be viewed in isolation apart from a context of systems and organization, problems and aspirations, but has to be treated as a part of the total process of economic development where the two sub-systems, rural and urban, or agriculture and industry, have to develop a symbiotic relationship. A production orientation in the agricultural sub-system without emphasizing its terms of trade with industry can be counter-productive because of the absence of a consumer orientation in the rural marts for urban consumer products.

It is against this background, then, that the concept of social marketing has to be viewed and understood. Both consumption for better health and the development of human resources in the rural areas and the percolation of appropriate technologies into the everyday life of the villages are necessary. In other words, the social marketing approach would imply the better spread of healthy consumption habits and a more balanced relation that can be sustained over a period of time between production and consumption patterns in the rural economy.

Consumer Marketing in Rural Areas

Industries in our country have hitherto excluded rural markets from consideration in the formulation of their marketing strategies. This is particularly true of consumer durables for which the demand in the rural areas has meant in many cases paying for the cost of elaborate marketing strategies. This urban bias in marketing to the detriment of the rural areas has been assumed to be due to basic differences between the rural and urban ways of life.

The same inferences can be drawn from packaging practices followed by firms making popular consumption goods. Convenience goods, such as tooth paste, toilet soap, cigarettes and tea available in the urban areas, are packed on the assumption that urban consumers will buy their weekly or monthly requirements in a single transaction; they are associated with time lags for repeat orders in the mind of the seller. A rural consumer, say, an agricultural labourer or a small farmer, who earns only a daily wage and that for a part of the year, can purchase his daily requirements at best once a week, while the farming community whose income periodicity is bound up with seasonal agriculture adjusts its shopping habits to income accrual patterns. This leads to two conclusions straightway; firstly, packaging should be adapted to the needs and purchasing capacities of rural consumers, especially so in the matter of essential and convenience goods. The second is that these practices merely reflect the absence of any creative attitudes on the part of the urban-based industries towards rural consumers. If these trends are not reversed, the augmentation of rural consumption patterns, which will facilitate the transfer of capital to the urban areas, will remain a distant and unattainable goal. It must be mentioned in passing that, notwithstanding all the investment in the rural areas drawn from revenue account in the Government budget, our country is still in that stage of classical economic development when the surplus from agricultural operations helps to finance industrial investment. Lower prices for primary products represent but another — invisible — mode of transfer of such resources.

Retailing Services in Rural Areas

The consumer product industries have never really tried to penetrate the rural market in a big way by utilising the display

and test-marketing opportunities afforded by rural fairs. But the self-same products are poured continuously and sometimes monotonously into the urban market, and the display and promotion efforts are also confined to window-dressing in shops, selective product demonstration and to what is unusual in developing countries — urban fairs of consumer goods. Even now essential items like agricultural tools and implements are not available in the rural markets. For instance, the IIM-B found in a recent survey that, apart from what is made available by the local blacksmiths out of whatever second-rate scrap raw materials that he could lay hands on, most of the agricultural tools and implements are to this day purchased by the rural folk from urban centres.

The rural consumer is also not exposed, deliberately and as part of a marketing strategy, to the wide range of a consumer products made by manufacturers. Retailers in the villages simply do not stock these for want of demand. It is a moot question whether gratuitous marketing strategies are capable of transferring technology and modernizing production in the rural areas without sales promotion campaigns for consumption goods which are necessary in order to promote a decent way of life in the rural areas. Without complementary consumption promotion, public policies on rural development alone cannot realize its principal objectives. This tacit assumption must be made explicit in any discussion of social marketing.

To return to the problems of fostering consumption support in rural society so that consumption keeps pace with the augmentation of rural incomes, it must be pointed out, at the risk of repetition, that consumer product industries have not really attempted ever to understand the rural market. As if to match the low product awareness among rural people (the generation of product awareness among potential consumers is not systematic even in the urban areas; in the rural areas, tragically enough, it does not exist at all, the state of product availability in rural consumer markets is nothing short of appalling.

Against this background, social marketing calls for both positive as well as helpfully constructive attitudes towards the

rural consumers on the part of urban industries. It seeks to impart both content and direction to the marketing strategies of consumer goods industries; it emphasizes both returns as well as a long-term investment in rural peoples both as consumers and as human resources. Such an attitude is, at present, lacking.

Social Marketing and Rural Development

Social marketing is sometimes viewed as a means of delivery of scientific and technological knowledge as well as skills necessary for bringing up levels of living and work culture to those prevalent outside the villages so that the two do not compare too unfavourably.¹ This definition is appropriate for the private consumer goods industries which, while promoting sales in the rural areas, also "export" appropriate technology through service facilities etc., to the rural areas. However, the concept of social marketing in the service of rural development can be carried a step further in order to inculcate consumption habits in the rural areas which would be complementary to the marketing system in use for goods of rural origin. In other words, social marketing seeks to promote a stable base of consumption in the rural areas as an adjunct to the production-oriented agricultural input/output marketing system. The social market will, in this process, serve (1) to monetize rural transactions and so to promote incomes and employment among growing rural populations; (2) to improve rural-urban terms of trade; and (3) to foster a striving for, and discernment of, quality in acts of choice bearing on production and consumption.

Role of Mini-Supermarkets

At present, industries producing consumer goods appoint their dealers in the urban areas, but no parallel arrangements for the villages are even thought of. While the setting up of distribution or retailing facilities in the rural areas are bound to yield social benefits, the costs to the private producer would be so enormous that no short-term benefits as a *quid pro quo* for such expenditure could be hoped for; but then the cost of even retail

¹ This aspect was the theme of another paper in the Seminar. See "Social Marketing," p.5, *supra*.

outlets for necessities, such as farming tools, implements and household and community durables, lies beyond the present means of the village community. It is conceivable that co-operatives may provide the retail outlets if the requisite support in the form of credit or liberal agency arrangements is forthcoming from private consumer industries. A consortium of private consumer goods industries should provide support and bring such consumption goods within the realm of possibility by sharing the social costs involved in the long run.

Alternativley, in view of the importance of social marketing for rural development, the consortium can be organized as a mini-supermarket. A mini-supermarket will serve to broad-base and increase rural consumption; it will generate product awareness; such a market can be used to test buying scope and propensities to begin with; and it could sell the necessities of rural life while displaying durable consumption goods thereby answering to a felt need for product awareness in the rural areas.

Because of the growing complexity of the social marketing tasks, many of the existing co-operatives lack the managerial talent and business acumen necessary to "make a go" of such consumption-fostering devices. It is therefore necessary to create new, strong and viable economic institutions in the villages which can promote both agricultural as well as social marketing. These bodies should have a stake in the marketing of rural produce and should enjoy, at the same time, the backing of manufacturing industries or a consortium of such industries. They should enjoy commercial credit facilities from the manufacturers as well as the proposed rural banks or the existing nationalized ones so that they do not bear the stiff costs of holding stocks alone. The mini-supermarkets could then function on commercial lines in conjunction with the existing agricultural service and credit institutions, such as the Farmers' Service Societies.

There are about 50 Farmers' Service Societies in Karnataka which promote the sale of agricultural produce — both agricultural inputs and outputs — on behalf of the farmer members and receive limited support from commercial banks or district co-operative

societies in their operations. It would perhaps be easier for the Farmers' Service Societies to take on social marketing as an additional function with a modicum of support from urban consumer product industries. They could develop into viable retail outlets for consumer products while continuing to perform other valuable functions on behalf of farmers.

Purchasing Power and the Rural Poor

The foregoing brings up the question of adequate purchasing power to promote the consumption of convenience goods. In a country, where about 40 per cent or more of the rural population falls below the poverty line, it is indeed a moot point whether production and equitable income distribution should have primacy over expenditure-oriented consumption-promoting policies.

Admittedly, rural peoples have limited purchasing power as compared to the urban classes. However, one must pause here to question the consumption habits of the rural people themselves. In this matter they still appear inured to a traditionalism that is flauntingly precious like eternity; it has so far been heedless of the context and claims of development. It is often argued that rural peoples, though poor, spend unstintingly on the consumption of liquor, and this has been put forward as justification for the introduction of prohibition in the rural areas. One, therefore, begins to question whether it is the poverty and the lack of purchasing power or the lack of will and opportunities that should come in for countereveiling attention in the rural areas. One is also inclined further to controvert this view on the evidence of the recent studies on rural employment which clearly indicate that, with the existing consumption pattern in the rural areas, agricultural labour has, by and large, a very high trade-off between casual employment and leisure.

These studies indicate that, notwithstanding the high levels of poverty prevalent in the rural areas, rural society is itself a leisure-oriented society. It is arguable that this is a mere reflection of the low motivation for work; to be able to pay for their leisure is as yet beyond the means even of those in the villages who enjoy a fixed income. For the urban worker, it is always

problematic to arrive at a just trade-off between the convenience goods and the luxuries of life, such as liquor, whereas for the rural poor, the choice simply does not exist unless, of course, the villagers learn philosophically to enjoy their work. Admittedly, many do this already which, incidentally, is the best argument for the induction of sensibility and an appreciation of quality in rural life. By extension, it is also one of the better arguments for social marketing and for a consumption base in the rural areas.

Conclusion

To sum up, the objective of social marketing is to furnish an integrated approach to marketing in the rural areas and also to provide a choice of items or alternatives for the rural consumer's rupee. As a first step, his consumption pattern has to be modified suitably through appropriate marketing strategies. Social marketing, when viewed as a part of rural development, provides the missing link which, if forged thoughtfully, could realize in practice the inter-dependence between rural and urban societies which is the objective of both social marketing and rural development. Each can retain its identity while providing for the needs of the other so that the integrated economic development of town and country alike could proceed apace.

A SUMMARY OF SEMINAR PROCEEDINGS

A Seminar on Social Marketing was held at the Institute's premises on March 22, 1977. The concept of Social Marketing, developed in the Institute, rests on the belief that it is possible to deliver science and technology, modernization and other inputs of development to the rural sector by the industry and by public institutions charged with the task of development as well as by voluntary bodies. It is intended that these inputs should be delivered along with the products and services these institutions sell in the rural areas.

About 40 executives participated in the Seminar; they were drawn from the fertilizer, tobacco, sugar, pharmaceutical, petroleum, machine tools, communications and electrical goods industries, from plantations and from service industries, such as banking and insurance. The Seminar was also attended by senior officials in the Government of Karnataka, representatives from educational institutions in the State and voluntary welfare organizations. A list appended at the end of the *Summary* lists the participants by name and job designation.

Inaugurating the Seminar, Sri K. Prabhakar, the Minister for Rural Development & Panchayati Raj in the Government of Karnataka, stressed the importance of the rural sector in the national economy and wanted that scientific attitudes should be fostered among the rural population in the place of their emotive approaches to rural problems. The life-styles of rural peoples should, however, be taken as given by those concerned with rural development in any form as these were determined, in the absence of education which instilled new values, skills and rational

attitudes towards tradition, by accretions of custom and usage over centuries. The developmental process must take into account social and cultural values and function within the frame provided by these. It is only then that the farmer will feel free to experiment and remain open to new influences. For this purpose, reconciliation had to be effected in the understanding of people who were being uplifted between tradition as expounded by institutions, such as the family, community and neighbourhood, and the modernizing forces as embodied in new concepts and ideas. Social marketing could well become the vehicle of such reconciliation.

A talk by Prof. N. S. Ramaswamy, Director of the Institute, revised in the light of Seminar proceedings, forms the first paper of this volume and is based on the key-note address delivered by him. In his speech, the Director said that social marketing had in the context of development a greater role than conventional marketing. Social marketing was a vehicle of growth rather than the passive provider of product benefits. The concept, moreover, placed the responsibility of changing rural attitudes and rendering them functional to the objectives of rural development squarely on salesmen and marketing executives. Already some firms dealing in fertilizers, pesticides and tobacco and a few plantations have attempted to organize the developmental services together with the products that they marketed and delivered in the rural areas. Prof. Ramaswamy said that such efforts should be organized over a wider front and institutionalized so that social transformation of the rural areas for the tasks of development could become more effective. Industries and business units engaged in selling to and buying from rural areas should organize their own ideas and evolve techniques of transferring and delivering them to the villages so as to meet the specific needs and problems of their inhabitants. He felt confident that the growth process would be accelerated as a result. As for IIM-B, it would like to play the role of a catalyst in identifying the content and enlarging the scope of such social marketing processes.

Prof. K.L.K. Rao, who spoke on the role of industries producing for village consumption in building rural India, emphasized

the need for taking a fresh look at fundamental product concepts on which their marketing strategy for the rural areas was based. Except in the case of fertilizers and seeds, the market for which was located exclusively in the rural areas, most product concepts delivered to the farmers were modelled on urban utility concepts. Cognizance was not taken of the autonomy of rural culture and no attempt was therefore made to study rural requirements in depth. As a result, the package of benefits claimed for a product and believed to accrue to the consumer were understood neither by the consumer nor the marketing men. In the sequel, rural markets were ignored on the basis of cost/profit calculations, and had now become inaccessible to industry. Studies conducted by IIM-B on "Iron and Steel Items in the Rural Sector," "Maintenance Skills in the Unorganized Sector," and "Socio-politics of the Rural Community" have confirmed the above findings. The second paper in this volume sets forth the tasks associated with social marketing, which had rural development for their end-goal. On the basis of that paper, Prof. K.L.K. Rao recommended that industrial organizations should:

(i) examine and compile an inventory of the basic product needs in the rural sector; (ii) provide necessary skills as part of the products they sold in the villages and as part of the associated diffusion of technology in the rural areas; (iii) help to realize and develop entrepreneurial skills latent in rural artisans through training and support; and (iv) evolve adequate audio-visual accessories to bring about the necessary attitudinal change. Such effort should be seen not as a matter of charity by the consortia but as a necessary investment for the development of rural markets over longer time-perspectives.

Prof. R. P. Iyer spoke on the bearing of contemporary attitudes in industry on the projected development of backward areas. Presently, the traditional evaluation of returns on investment and cost-benefit analyses were concerned with short-term gain rather than with long-term needs and returns. Even where industries had been established in the backward areas, these had not identified themselves with the rural community and had not become integrated with rural culture. Industries went

to the rural areas in order to colonize in the classical sense of the word rather than to play a role in the life of the villages and become a part of them with the result that industrial attitudes had not been transferred to consumers in the villages and to the rural environment. By and large, it was urban labour that was taken to the rural areas at enhanced rates of reward. Efforts to instil industrial skills in the rural community had been few and far between. Unless the untapped human resource potential in the village was fruitfully utilised, integrated rural development could not come about neither could social marketing succeed. Prof. Iyer recommended that lending agencies, industrial units and entrepreneurs — large and small — should consciously evolve a cohesive plan of action for bringing about the unified development of villages.

Prof. Ratnam emphasized the need for the utilisation of rural institutions in the promotion of the marketing of inputs and outputs. He argued that social marketing was necessary not only to ensure long-term benefits to industry, but also as a part of its social obligation to the rural community and commended the Farmer Service Societies for use in the diffusion of technology to the villages. In the absence of the requisite education and attitudinal change, rural development could not become a fact. Even abroad, the mass media, advertising and consumer industries had played an important role in social education that was equal to and concurrent with that of the schools. This enjoined a great responsibility on industries producing for rural areas, and attempts should, therefore, be made to build up the necessary infra-structure in order to make rural India aware of the changes taking place in the urban areas.

Mr. Krishnamurthy, Member of the Board of Governors, IIM-B, suggested that co-operative organizations would be the best vehicles for carrying the message of social marketing to the rural areas. He, however, agreed that they had not been of much use till now, but efforts should be made to impress on them the importance of social marketing.

Mr. M. D. Shivananjappa, a retired Indian Administrative Service official, advised that educational and extension work

under social marketing should not be performed as a matter of charity but because that was the only way of promoting the long-term development of urban industry. If, for example, the technology of bullock-cart transportation was improved, the tyre industry would be a first beneficiary. If, as a result of enlightened attitudes, the use of pesticides and insecticides became common, it was the concerned industries which stood to gain. He suggested therefore that the costs of social marketing should be accepted as a part of the necessary investment by industry in rural development and the mobilization of rural markets. The agriculturist in India was endowed with robust common sense, and if the delivery of social marketing services was well conceived, farmers were bound to pick up the new ideas and exploit them to their fullest advantage. In order to ensure that social marketing ideas were formed by the best available talent in industry, it should be made a part of the company's corporate goals.

Mr. Heredia, Managing Director of Mangalore Chemicals and Fertilizers, described how the fertilizer industry had persevered against adverse marketing conditions in rural India in delivering the technology of the green revolution since the days of its inception. They had hitherto relied on their own experimentation and were the pioneers in art of working alongside of the farming community, and the capacity to do so was a pre-requisite of all social marketing. Their concept of social marketing was based, he said, on far-sighted and enlightened self-interest. Although, initially, the acceptance of fertilizers as a means to greater productivity in agriculture was not sufficiently encouraging, the success stories that were retailed on the farms acted like magic, and a good deal of capital was invested by the fertilizer industry in building experimental blocks, on the "adoption" of villages and plots of land, the purchasing of improved seeds, (without which fertilizers were not effective) and the provision of credit. All these operations undertaken as a departure from the traditional ideas on marketing represented the sum of the industry's social marketing efforts. Already fertilizer companies sold their products together with a package of services. Mr. Heredia felt confident that these social marketing concepts could be successfully implemented. Indeed, to him, the concept opened up new and unending vistas of development.

Mr. R. N. Warriar, Marketing Adviser, Madras Fertilizers Ltd., continued on the theme of industry's enlightened self-interest and told of how the fertilizer firms had passed through almost seven stages of development in the marketing of fertilizers beginning with their own service orientation geared to agricultural development. They had to take on project formulation tasks, devise a package of practices, provide consumer credit and other supporting services. Ultimately, they found what they had to evolve was nothing short of a total concept of area development. He was not very sure whether the BDO's would be the appropriate agencies for the delivery of social marketing. He reiterated the view earlier expressed by others in different ways that social marketing should be spread as a business proposition and not as a welfare programme.

Mr. Balasubramanian, Chief Agronomist of FACT, adduced other facts and considerations to lend support to the conclusions of Mr. Heredia and Mr. Warriar, and suggested that the success of the fertilizer industry hinged on its marketing section. FACT had taken on the selling of fertilizers as a further responsibility in the cause of development, and fertilizer was now being sold to the user together with a package of agricultural practices. However, he agreed that not all the problems of social marketing nor of rural development had been solved by the fertilizer industry. And many were still to be solved: the provision of purchase credit, the improvement of agricultural practices, productivity problems, the adjustment of promotional programmes to local needs, etc.

Shri M.A.S. Rajan, I.A.S., Revenue Commissioner, declared that social marketing was one of the most potent concepts to emerge in recent years on the horizon of rural development. He, however, cautioned that, if concept implementation was not approached with adequate care, it might throw up innumerable problems. His concern for the adequate implementation of social marketing had nothing to do with whether he concurred in the concept or not. Indeed, he did so whole-heartedly; but here was a job which it was important to do very well. Descanting further on the problem that he had diagnosed, he noted how selling in the rural areas was now being done by urban-oriented salesmen

through middlemen and co-operatives, both instruments of a system that were thought to be insensitive to and inadequate for critical rural needs. The city-based salesman did not take cognizance of farmer needs, His contact with rural India was meagre and the fact detracted from his communication capabilities. As a result, the communication gap between urban industry and rural requirements had only widened, and bridging this gap called for a cadre of people who were adequately motivated and were furthermore equipped to effect the required social transformation. His own suggestion was that a separate cadre on the model of the JCO's in the army would fulfil the communication and other requirements of social marketing. He also wondered if the educated unemployed, some of whom were to be found in the rural areas, could not be pressed into service. He was anxious that social marketing should not be confounded with the problems of marketing in the rural areas. The former was a wider and more inclusive concept. Social marketing was selling with a social sense added to it and it sought to deliver all the ingredients of development to the rural community.

Mr. Ferris, Marketing Director of Smith Kline & French, was not very sure whether the ideas on health and hygiene could be delivered to the rural population along with the products of the pharmaceutical industry, considering that the total market for pharmaceutical products in the rural areas was restricted to about 6 per cent of the population. Detailing professional people to the villages could not be attempted in the absence of doctors who lived and worked in the rural environment.

Dr. Reddy, Chief of R & D, ILTD, ITC Division, spoke of the experience gained by the LTC in the development of leaf tobacco and emphasized that the rural community was open to new ideas, but the absorption would come about only when they were sure of the efficacy of the ideas that were being transferred. The LTC had to invest substantially in the initial stages in order to establish the viability of agricultural practices in the eyes of the farmer. But their efforts paid off in the long run thanks mainly to the farmer's innate good sense and the courage with which

he looked his own deficiencies, problems and needs squarely in the face. It was LTC's view based on its own experience that well-conceived efforts to increase the productivity of, and incomes from, agriculture were bound to succeed. The Indian farmer was basically shrewd and would willingly accept a novel idea; but he would not be imposed upon. Efforts should, therefore, be directed on income-generating programmes rather than on social and attitudinal change.

Mr. Lamba of IOC explained that, in practice, his company regarded the new processes of marketing as a social obligation. His company was trying to build up bio-gas technology in co-operation with the Khadi and Village Industries Commission and were now engaged in setting up pilot bio-gas plants in selected centres. Their R & D organization had innovated a kerosene stove for greater thermal efficiency, and it was principally intended for use in the rural areas. They were also doing some work on the extension of medical care ideas in the villages and in tree plantation.

Mr. M. G. Shah of UIFG outlined the details of the Janata Personal Accident Policy which sought to provide risk coverage against loss of, and accidental damage to, pump-sets and cattle owned by the farmers. Thanks to the new policy, the farming community was now better informed of the risks involved in the profession. However, in his opinion, insurance organizations had a long way to go yet in devising services which were adapted to rural needs and which were acceptable to the villager.

Mr. Bhat of the Social Action Cell in the Canara Bank pointed to a large number of measures taken by the banking community in the matter of rural development in pursuance of its social obligations; loans and services now covered health and hygiene, education, village adoption, training in skills and the provision of financial facilities for the development of agricultural production. But they in the Canara Bank felt that only a beginning had been made in social marketing, and there was much that remained to be done. He said that these tasks could be fulfilled by banking and financial organizations working together.

Speaking on behalf of the participants of the Seminar Mr. Heredia, Managing Director of Mangalore Chemicals and Fertilizers, summarized the day's proceedings and concluded that:

- (a) this novel idea should be implemented forthwith;
- (b) that industries, educational institutions, social welfare organizations and Government should collaborate in this task;
- (c) sector-wise seminars should be conducted in different parts of India with the help of associations of industries; and that
- (d) the Institute should conduct research so as to evolve a methodology, which would be useful in the implementation of this concept.

SEMINAR ON SOCIAL MARKETING

MARCH 22, 1977

LIST OF PARTICIPANTS

	<i>Name and Designation</i>	<i>Address of Company</i>
1	Dr. N S Reddy Leaf Adviser	ILTD Division, I.T.C. Ltd., Bangalore
2	S P Ferris Marketing Director	Smith Kline & French (I) Ltd., Bangalore
3	F J Heredia Managing Director	Mangalore Chemicals and Fertilizers Ltd., Bangalore
4	B P Balakrishna Managing Director	The Mysore Tobacco Co. Ltd., Bangalore-25
5	A Cyril General Manager	The Mysore Tobacco Co. Ltd., Bangalore-25
6	Dr. T T Zachariah Joint Health Advisory Officer	Vandiperiyar Group Medical Scheme, (Malayalam Plantations Ltd.,) Vandiperiyar
7	Devandrappa, B T Managing Director	Messrs Bramhappa Tavanapanaval Pvt. Ltd., Davangere
8	T Shamanna Chairman and MD	Gangavathi Sugars Ltd., Bangalore
9	V S Ramaswamy Area Manager	The Fertilizers and Chemicals Travancore Ltd., Udyogmandal, Kerala
10	V Balasubramaniam Chief Agronomist	-do-

11	S R Nagappa Setty Secretary	National Education Society Balaraj Urs Road, Shimoga-577 201
12	R N Warriar Marketing Manager	Madras Fertilizers Ltd., Madras
13	M Sham Sunder Area Manager	Madras Fertilizers Ltd., Madras
14	Radhakrishnan Branch Manager	Parke Davis Bangalore
15	Naik	Parke Davis Bangalore
16	B A Rao Manager	Indian Oil Corporation Bangalore
17	Venkataraman Chairman	Coffee Board Bangalore
18	M A S Rajan IAS Revenue Commissioner	Government of Karnataka
19	Lakshmanan Manager	Firestone Bangalore
20	C S Narayanaswamy	Gandhi Bhawan Bangalore
21	M S S Varadan Gen. OD Manager	Hindustan Machine Tools Bangalore
22	Amulya Reddy	Indian Institute of Science Bangalore
23	Ramani Seshamani	Indian Institute of Science Bangalore
24	N K Ramadas Managing Director	I A E C, Bangalore
25	C S Seshadri Acting Director	Institute for Socio-economic Change, Bangalore
26	Dr. Dasgupta	-do-
27	Ajit Dutt Materials Manager	Indian Telephone Industries Bangalore

28	Y N Tiwari Divisional Manager	Indian Telephone Industries Bangalore
29	Prof. Rajagopal	Bangalore University
30	K S Kamath Dy. Gen. Manager	Canara Bank Bangalore
31	S R Kamath	-do-
32	Ramachandran Land Bank Section	-do-
33	K A Bhat Social Adviser	-do-
34	H G V Reddy Chairman and MD	N.G.E.F. Ltd., Bangalore
35	Fernandes Branch Manager	Dunlop India Bangalore
36	M A Sethu Rao	Karnataka Council of Science and Technology
37	Shivananjappa Chairman	M S I L Bangalore
38	C R Seetharamaiah	Community Leader Narasapur
39	Dr. Venkataswamy	Arasikere
40	A Krishnamurthi	Member, IIM-B Board of Governors
41	Prof. N S Ramaswamy	Director, IIM-B
42	Prof. K L K Rao	Professor of Marketing, IIM-B
43	Dr. N V Ratnam	Chairman, Agricultural Sector IIM-B
44	Prof. R P Iyer	Professor of Finance. IIM-B.

on the basis of soil tests. These activities were intensified during the second year of operation. Disease-resistant seeds of coconuts were distributed to garden-owners whose crops had been damaged beyond repair by the virus. Harvest surveys conducted subsequently on 17 plots revealed that the yield from 1,040 trees in the survey area increased from 31,849 nuts in the first year to 41,834 nuts during the second year, thus registering a rise in yield nearly of 31 per cent in the course of a single year. The overall annual production from a single tree increased from 30 to 40 nuts in the second year. The success achieved in FACT's Coconut Village Scheme became another legend; as the figures show, the socio-economic status of the village was visibly improved in the result.

Tapioca village

Gratifying results were achieved in the tapioca village adopted by FACT; the services of the Central Tuber Crop Research Station in Trivandrum were availed of in replacing local seed varieties by high-yielding ones and to persuade farmers to adopt improved package practices in order to increase yields, incomes and, therefore, the socio-economic status of the village community as a whole.

Integrated Nutrient Supply System: A Whole Village Project

FACT has adopted 30 villages in four southern States where it has sought to conserve soil fertility in order that increased productivity in agriculture may be stabilized at high levels and sustained. The scheme arose out of the suggestion made by Shri A. P. Shinde, former Union Minister of State for Agriculture and Irrigation, at the time of the FAO-FAI seminar held in India in 1974. The scheme was formulated that year with the co-operation of ICAR and is being implemented in 15 out of the 30 adopted villages. It has also successfully associated local agricultural officials, the village panchayat, rural banks and other agencies of State concerned with rural development.

Dealer Training

Fifty per cent of the fertilizer sales is effected through the co-operatives, and it is essential that all distributors must be equipped with an intimate knowledge of the product they sell and its appropriate use, if they are to act as agents of change in

the villages. FACT has accordingly organized a number of training programmes for co-operatives and private dealers, which include illustrated lectures in agronomy and marketing methods. Consumer organizations have generally been slow in coming in this country even in the urban areas. They can serve as a valuable link between manufacturers and the members of these societies. Fertilizer consumer organizations have, however, been formed in villages under the aegis of FACT, and they are kept constantly supplied with books and printed literature on fertilizers, pesticides, improved farming techniques, etc. Study tours, discussions and demonstrations in the use of FACT products are arranged periodically for the hundreds of such clubs that have now come into existence. FACT set up a large number of agro-service centres under a scheme initiated in 1969, and technical personnel positioned in these centres visited neighbouring farms and drew up farm-level projects when requested to do so by individual farmers. They help in identifying crop diseases and viruses and advise the farmer on the use of pesticides. The Centre is also engaged in the collection of local soil specimens and in campaigns of chemical testing of soil when the season is favourable. Such Centres have become popular resorts for farmers who look up to these for the solution of their problems.

The success of rural development hinges on the degree to which farmers can be induced to invest in seeds, fertilizers and pesticides. In 1974-75, for the first time in India, FACT introduced a Crop Insurance Scheme in collaboration with the General Insurance Corporation of India, Bombay. The scheme sought to ensure optimum yields for cotton-growers who adopted a prescribed package of practices. Under this scheme, 266 hectares of land, sown with MUC-5, an improved cotton variety, and owned by 280 farmers in Thondamuthur block of Tamil Nadu, were insured. Notwithstanding the occurrence of a severe drought and the outbreak of a plant disease that year, yield levels were maintained at 88 per cent of the targeted figure through efficient field work and organization. This pilot scheme amply demonstrated the feasibility of extending crop insurance to selected areas and to other produce over the rest of the country.

Soil tests enable the farmers to choose their crops with accuracy and employ judicious and economic dosages of fertilizers

for maximizing production as required. Nearly two decades ago, therefore, FACT set up a soil-testing laboratory at Udyogamandal to serve the needs of Kerala in particular, and to this was added another laboratory at Tiruchirapally in Tamil Nadu; these two laboratories between them service the entire needs of the southern States. The fertilizer company also acquired a mobile soil-testing laboratory in 1970 for on-the-site tests of soil from individual farms. In six years, the mobile laboratory has covered the entire countryside in Andhra Pradesh and Karnataka and is now engaged in a similar service coverage of the rural areas in Kerala.

To mention some salient activities among many others, FACT owns demonstration plots for raising rain-fed *kambu*, *chulam* and cotton in the Ramnad and Tirunelveli districts of Tamil Nadu. Also, for demonstration purposes, FACT maintains a coconut garden consisting of 10 trees in Kerala to illustrate the procedures for coconut fertilization.

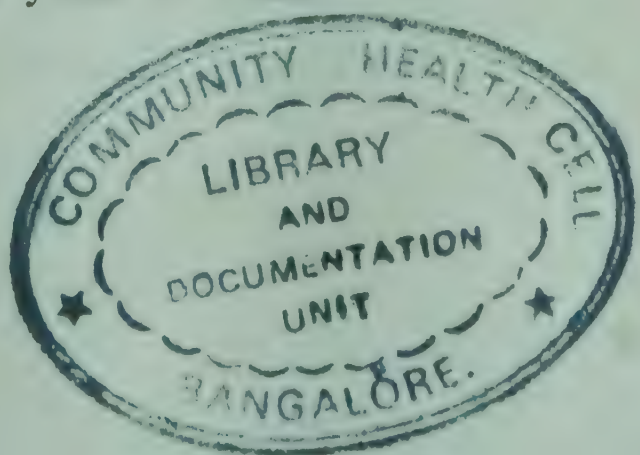
FACT's distribution net-work is understandably more concentrated in Kerala and the company owns 100 buffer-stock godowns, where fertilizers are moved and stored ahead of the season so that the needs of farmers can be met in time. Seventy company-owned depots operated by FACT's trained assistants sell to private dealers, co-operatives and even directly to the farmers themselves so much so that a farmer can now buy fertilizers from a FACT depot within a three-mile radius of his farm. FACT has obtained the services of 5,500 selling points distributed over four States in south India. In addition, special grades and mixtures of fertilizers are prepared according to customers' requirements in 12 large mixing centres.

Our experiments have proved beyond doubt that it is possible to change the face of rural India under suitable guidance and with timely assistance to farmers. FACT's efforts to promote rural development as a part of its sales promotion campaign will continue, and we feel confident that our innovations, too, will increase and become more effective in the years to come.

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DEVELOPING CIGARETTE TOBACCO IN INDIA : A CASE HISTORY IN SOCIAL MARKETING

N. S. REDDY¹

The Indian Tobacco Company Limited — its Leaf Tobacco Division (ILTD) in particular — has played a significant role in the introduction and development of different types of cigarette tobaccos in India, thereby ensuring that adequate quantities of it are available, both for domestic use as well as for exports.

The various steps adopted by the Company to achieve the above objective are detailed below:

1. a detailed survey is first carried out of potential areas, which are identified in the first place on the basis of agro-climatic conditions;
2. pilot-scale trials are carried out by the Company in the potential area, to establish the proposition that commercially profitable crops of tobacco, of the required quality, can be grown in it. At the same time, the agronomic and other problems of production are identified;
3. problem-oriented field research is then carried out to investigate the various problems identified in order to achieve yields and the quality targeted for. Based on this information, a package of practices for the area is worked out;
4. a few enterprising farmers are chosen and motivated to raise a tobacco crop. Such farmers receive inputs and the benefit

¹*Dr. N. S. Reddy represented the Indian Tobacco Company Ltd. at the Seminar on Social Marketing and works in the Leaf Tobacco Development Division of that company.*

of continuous supervision at all stages of crop growth. The success achieved with these farmers helps the Company to cross the first hurdle in gaining acceptance for the new crop;

5. the crop is popularized amongst other farmers in the area and targets for increased production are then set for each; and

6. during the period of development, farmer education is carried out on a continuing basis to ensure that adequate yields and quality are in turn obtained through:

- (a) progressive research on production problems;
- (b) continuous supervision of the crop by qualified technical development staff;
- (c) the holding of demonstrations in the farmer's own fields as an aid to instruction;
- (d) the issue of booklets and pamphlets at periodic intervals in order progressively to educate farmers in production techniques; and
- (e) bringing to the attention of farmers new ideas through farmers' forums, movie films, radio talks, personal contacts or through visits to experimental plots.

7. In addition to arranging the transfer of technical know-how, assistance is provided to the farmers in obtaining credit from the company's own agencies as well as subsidies from the Government;

8. Making available to the farmers, virtually at their door-step, all the inputs — seeds, implements, fertilizers and pesticides; and

9. Lastly ensuring that the farmer receives a fair and assured price for his produce.

Following the above technique, the ILTD section have spread tobacco cultivation to different regions in Andhra, Karnataka, Gujarat and Uttar Pradesh.

Cigarette tobacco has invariably been taken to areas where subsistence farming is the rule, and the most modern techniques of production of tobacco have thus been passed on to farmers whose skill equipment was weak to begin with.

The agronomic know-how that a sophisticated crop like tobacco demands has invariably a demonstration effect on the production techniques used by unskilled farmers to raise other crops.

Since tobacco is a cash crop and must receive generous levels of complete fertilizers, not only is soil fertility improved, but the yields of food crops by which they are followed in rotation also go up. In certain areas, a large number of small farmers have been initiated into the technical process of raising tobacco crops — the air-cured varieties in particular. Many of them have not only achieved viability in farming operations, but some of them have even become prosperous.

The production of tobacco calls for a fair amount of the labour input and therefore, the income derived by the farmer is shared with landless labourers in the rural areas. Tobacco in certain areas is grown during the *rabi* season, which helps agricultural labour to obtain gainful employment during the slack season — both by way of raising the produce and in processing it.

Wherever tobacco has been introduced as a new crop in the rural areas, the general levels of living have increased as evidenced by such reliable indicators of improved standards as better nutrition, clothing, and education.

If the quality of life is to be improved and the marketing of essentials, consumer durables or the farm inputs required has to be arranged in adequate quantities, the raising of employment and income levels of the masses will be a basic requirement. Here agro-based industries could play a significant role by assisting the farmers to produce higher yields of cash crops of desirable quality so that farmer incomes could be increased and his purchasing power augmented. Such a development could be brought about, if not through appeal to altruistic motives, as part of a practical programme which will evoke enlightened self-interest.

A SUMMARY OF SEMINAR PROCEEDINGS

A Seminar on Social Marketing was held at the Institute's premises on March 22, 1977. The concept of Social Marketing, developed in the Institute, rests on the belief that it is possible to deliver science and technology, modernization and other inputs of development to the rural sector by the industry and by public institutions charged with the task of development as well as by voluntary bodies. It is intended that these inputs should be delivered along with the products and services these institutions sell in the rural areas.

About 40 executives participated in the Seminar; they were drawn from the fertilizer, tobacco, sugar, pharmaceutical, petroleum, machine tools, communications and electrical goods industries, from plantations and from service industries, such as banking and insurance. The Seminar was also attended by senior officials in the Government of Karnataka, representatives from educational institutions in the State and voluntary welfare organizations. A list appended at the end of this *Summary* lists the participants by name and job designation.

Inaugurating the Seminar, Sri K. Prabhakar, the Minister for Rural Development & Panchayati Raj in the Government of Karnataka, stressed the importance of the rural sector in the national economy and wanted that scientific attitudes should be fostered among the rural population in the place of their emotive approaches to rural problems. The life-styles of rural peoples should, however, be taken as given by those concerned with rural development in any form, as these were determined, in the absence of education which instilled new values, skills and rational

attitudes towards tradition, by accretions of custom and usage over centuries. The developmental process must take into account social and cultural values and function within the frame provided by these. It is only then that the farmer will feel free to experiment and remain open to new influences. For this purpose, reconciliation had to be effected in the understanding of people who were being uplifted between tradition as expounded by institutions, such as the family, community and neighbourhood, and the modernizing forces as embodied in new concepts and ideas. Social marketing could well become the vehicle of such reconciliation.

A talk by Prof. N. S. Ramaswamy, Director of the Institute, revised in the light of Seminar proceedings, forms the first paper of this volume and is based on the key-note address delivered by him. In his speech, the Director said that social marketing had in the context of development a greater role than conventional marketing. Social marketing was a vehicle of growth rather than the passive provider of product benefits. The concept, moreover, placed the responsibility of changing rural attitudes and rendering them functional to the objectives of rural development squarely on salesmen and marketing executives. Already some firms dealing in fertilizers, pesticides and tobacco and a few plantations have attempted to organize the developmental services together with the products that they marketed and delivered in the rural areas. Prof. Ramaswamy said that such efforts should be organized over a wider front, and institutionalized so that social transformation of the rural areas for the tasks of development could become more effective. Industries and business units engaged in selling to and buying from rural areas should organize their own ideas and evolve techniques of transferring and delivering them to the villages so as to meet the specific needs and problems of their inhabitants. He felt confident that the growth process would be accelerated as a result. As for IIM-B, it would like to play the role of a catalyst in identifying the content and enlarging the scope of such social marketing processes.

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(i) examine and compile an inventory of the basic product needs in the rural sector; (ii) provide necessary skills as part of the products they sold in the villages and as part of the associated diffusion of technology in the rural areas; (iii) help to realize and develop entrepreneurial skills latent in rural artisans through training and support; and (iv) evolve adequate audio-visual accessories to bring about the necessary attitudinal change. Such effort should be seen not as a matter of charity by the consortia but as a necessary investment for the development of rural markets over longer time-perspectives.

Prof. R. P. Iyer spoke on the bearing of contemporary attitudes in industry on the projected development of backward areas. Presently, the traditional evaluation of returns on investment and cost-benefit analyses were concerned with short-term gain rather than with long-term needs and returns. Even where industries had been established in the backward areas, these had not identified themselves with the rural community and had not become integrated with rural culture. Industries went

to the rural areas in order to colonize in the classical sense of the word rather than to play a role in the life of the villages and become a part of them with the result that industrial attitudes had not been transferred to consumers in the villages and to the rural environment. By and large, it was urban labour that was taken to the rural areas at enhanced rates of reward. Efforts to instil industrial skills in the rural community had been few and far between. Unless the untapped human resource potential in the village was fruitfully utilised, integrated rural development could not come about neither could social marketing succeed. Prof. Iyer recommended that lending agencies, industrial units and entrepreneurs — large and small — should consciously evolve a cohesive plan of action for bringing about the unified development of villages.

Prof. Ratnam emphasized the need for the utilization of rural institutions in the promotion of the marketing of inputs and outputs. He argued that social marketing was necessary not only to ensure long-term benefits to industry, but also as a part of its social obligation to the rural community and commended the Farmer Service Societies for use in the diffusion of technology to the villages. In the absence of the requisite education and attitudinal change, rural development could not become a fact. Even abroad, the mass media, advertising and consumer industries had played an important role in social education that was equal to and concurrent with that of the schools. This enjoined a great responsibility on industries producing for rural areas, and attempts should, therefore, be made to build up the necessary infra-structure in order to make rural India aware of the changes taking place in the urban areas.

Mr. Krishnamurthy, Member of the Board of Governors, IIM-B, suggested that co-operative organizations would be the best vehicles for carrying the message of social marketing to the rural areas. He, however, agreed that they had not been of much use till now, but efforts should be made to impress on them the importance of social marketing.

Mr. M. D. Shivananjappa, a retired Indian Administrative Service official, advised that educational and extension work

under social marketing should not be performed as a matter of charity but because that was the only way of promoting the long-term development of urban industry. If, for example, the technology of bullock-cart transportation was improved, the tyre industry would be a first beneficiary. If, as a result of enlightened attitudes, the use of pesticides and insecticides became common, it was the concerned industries which stood to gain. He suggested therefore that the costs of social marketing should be accepted as a part of the necessary investment by industry in rural development and the mobilization of rural markets. The agriculturist in India was endowed with robust common sense, and if the delivery of social marketing services was well conceived, farmers were bound to pick up the new ideas and exploit them to their fullest advantage. In order to ensure that social marketing ideas were formed by the best available talent in industry, it should be made a part of a company's corporate goals.

Mr. Heredia, Managing Director of Mangalore Chemicals and Fertilizers, described how the fertilizer industry had persevered against adverse marketing conditions in rural India in delivering the technology of the green revolution since the days of its inception. They had hitherto relied on their own experimentation and were the pioneers in art of working alongside of the farming community, and the capacity to do so was a pre-requisite of all social marketing. Their concept of social marketing was based, he said, on far-sighted and enlightened self-interest. Although, initially, the acceptance of fertilizers as a means to greater productivity in agriculture was not sufficiently encouraging, the success stories that were retailed on the farms acted like magic, and a good deal of capital was invested by the fertilizer industry in building experimental blocks, on the "adoption" of villages and plots of land, the purchasing of improved seeds, (without which fertilizers were not effective) and the provision of credit. All these operations undertaken as a departure from the traditional ideas on marketing represented the sum of the industry's social marketing efforts. Already fertilizer companies sold their products together with a package of services. Mr. Heredia felt confident that these social marketing concepts could be successfully implemented. Indeed, to him, the concept opened up new and unending vistas of development.

Mr. R. N. Warriar, Marketing Adviser, Madras Fertilizers Ltd., continued on the theme of industry's enlightened self-interest and told of how the fertilizer firms had passed through almost seven stages of development in the marketing of fertilizers beginning with their own service orientation geared to agricultural development. They had to take on project formulation tasks, devise a package of practices, provide consumer credit and other supporting services. Ultimately, they found what they had to evolve was nothing short of a total concept of area development. He was not very sure whether the BDOS would be the appropriate agencies for the delivery of social marketing. He reiterated the view earlier expressed by others in different ways that social marketing should be spread as a business proposition and not as a welfare programme.

Mr. Balasubramanian, Chief Agronomist of FACT, adduced other facts and considerations to lend support to the conclusions of Mr. Heredia and Mr. Warriar, and suggested that the success of the fertilizer industry hinged on its marketing section. FACT had taken on the selling of fertilizers as a further responsibility in the cause of development, and fertilizer was now being sold to the user together with a package of agricultural practices. However, he agreed that not all the problems of social marketing nor of rural development had been solved by the fertilizer industry. And many were still to be solved: the provision of purchase credit, the improvement of agricultural practices, productivity problems, the adjustment of promotional programmes to local needs, etc.

Shri M.A.S. Rajan, IAS, Revenue Commissioner, declared that social marketing was one of the most potent concepts to emerge in recent years on the horizon of rural development. He, however, cautioned that, if concept implementation was not approached with adequate care, it might throw up innumerable problems. His concern for the adequate implementation of social marketing had nothing to do with whether he concurred in the concept or not. Indeed, he did so whole-heartedly; but here was a job which it was important to do very well. Descanting further on the problem that he had diagnosed, he noted how selling in the rural areas was now being done by urban-oriented salesmen

through middlemen and co-operatives, both instruments of a system that were thought to be insensitive to and inadequate for critical rural needs. The city-based salesman did not take cognizance of farmer needs, His contact with rural India was meagre and the fact detracted from his communication capabilities. As a result, the communication gap between urban industry and rural consumers had only widened, and bridging this gap called for a cadre of people who were adequately motivated and were furthermore equipped to effect the required social transformation. His own suggestion was that a separate cadre on the model of the JCOS in the army would fulfil the communication and other requirements of social marketing. He also wondered if the educated unemployed, some of whom were to be found in the rural areas, could not be pressed into service. He was anxious that social marketing should not be confounded with the problems of marketing in the rural areas. The former was a wider and more inclusive concept. Social marketing was selling with a social sense added to it and it sought to deliver all the ingredients of development to the rural community.

Mr. Ferris, Marketing Director of Smith Kline & French, was not very sure whether the ideas on health and hygiene could be delivered to the rural population along with the products of the pharmaceutical industry, considering that the total market for pharmaceutical products in the rural areas was restricted to about 6 per cent of the population. Detailing professional people to the villages could not be attempted in the absence of doctors who lived and worked in the rural environment.

Dr. Reddy, Chief of R and D, ILC Division, ITC, spoke of the experience gained by the ITC in the development of leaf tobacco and emphasized that the rural community was open to new ideas, but the absorption would come about only when they were sure of the efficacy of the ideas that were being transferred. The ITC had to invest substantially in the initial stages in order to establish the viability of agricultural practices in the eyes of the farmer. But their efforts paid off in the long run thanks mainly to the farmer's innate good sense and the courage with which

he looked his own deficiencies, problems and needs squarely in the face. It was LTD's view based on its own experience that well-conceived efforts to increase the productivity of, and incomes from, agriculture were bound to succeed. The Indian farmer was basically shrewd and would willingly accept a novel idea; but he would not be imposed upon. Efforts should, therefore, be directed on income-generating programmes rather than on social and attitudinal change.

Mr. Lamba of IOC explained that, in practice, his company regarded the new processes of marketing as a social obligation. His company was trying to build up bio-gas technology in co-operation with the Khadi and Village Industries Commission and were now engaged in setting up pilot bio-gas plants in selected centres. Their R and D organization had innovated a kerosene stove for greater thermal efficiency, and it was principally intended for use in the rural areas. They were also doing some work on the extension of medical care ideas in the villages and in tree plantation.

Mr. M. G. Shah of UIFG outlined the details of the Janata Personal Accident Policy which sought to provide risk coverage against loss of, and accidental damage to, pump-sets and cattle owned by the farmers. Thanks to the new policy, the farming community was now better informed of the risks involved in the profession. However, in his opinion, insurance organizations had a long way to go yet in devising services which were adapted to rural needs and which were acceptable to the villager.

Mr. Bhat of the Social Action Cell in the Canara Bank pointed to a large number of measures taken by the banking community in the matter of rural development in pursuance of its social obligations: loans and services now covered health and hygiene, education, village adoption, training in skills and the provision of financial facilities for the development of agricultural production. But they in the Canara Bank felt that only a beginning had been made in social marketing, and there was much that remained to be done. He argued that these tasks could be fulfilled by banking and financial organizations working together.

Speaking on behalf of the participants of the Seminar Mr. Heredia, Managing Director of Mangalore Chemicals and Fertilizers, summarized the day's proceedings and concluded that:

- (a) this novel idea should be implemented forthwith;
- (b) that industries, educational institutions, social welfare organizations and Government should collaborate in this task;
- (c) sector-wise seminars should be conducted in different parts of India with the help of associations of industries; and that
- (d) the Institute should conduct research so as to evolve a methodology, which would be useful in the implementation of this concept.

SEMINAR ON SOCIAL MARKETING

MARCH 22, 1977

LIST OF PARTICIPANTS

	<i>Name and Designation</i>	<i>Address of Company</i>
1	Dr. N S Reddy Leaf Adviser	ILT Division, ITC Ltd., Bangalore
2	S P Ferris Marketing Director	Smith Kline & French (I) Ltd., Bangalore
3	F J Heredia Managing Director	Mangalore Chemicals and Fertilizers Ltd., Bangalore
4	B P Balakrishna Managing Director	The Mysore Tobacco Co. Ltd., Bangalore-25
5	A Cyril General Manager	The Mysore Tobacco Co. Ltd., Bangalore-25
6	Dr. T T Zachariah Joint Health Advisory Officer	Vandiperiyar Group Medical Scheme, (Malayalam Plantations Ltd.,) Vandiperiyar
7	Devandrappa, B T Managing Director	Messrs Bramhappa Tavanapanaval Pvt. Ltd., Davangere
8	T Shamanna Chairman and MD	Gangavathi Sugars Ltd., Bangalore
9	V S Ramaswamy Area Manager	The Fertilizers and Chemicals, Travancore, Ltd., Udyogmandal, Kerala
10	V Balasubramanian Chief Agronomist	-do-

11	S R Nagappa Setty Secretary	National Education Society Balaraj Urs Road, Shimoga-577 201
12	R N Warriar Marketing Manager	Madras Fertilizers Ltd. Madras
13	M Sham Sunder Area Manager	Madras Fertilizers Ltd., Madras
14	Radhakrishnan Branch Manager	Parke Davis Bangalore
15	Naik	Parke Davis Bangalore
16	B A Rao Manager	Indian Oil Corporation Bangalore
17	Venkataraman Chairman	Coffee Board Bangalore
18	M A S Rajan, IAS Revenue Commissioner	Government of Karnataka
19	Lakshmanan Manager	Firestone Bangalore
20	C S Narayanaswamy	Gandhi Bhawan Bangalore
21	M S S Varadan Gen. OD Manager	Hindustan Machine Tools Bangalore
22	Amulya Reddy	Indian Institute of Science Bangalore
23	Ramani Seshamani	Indian Institute of Science Bangalore
24	N K Ramadas Managing Director	I A E C, Bangalore
25	C S Seshadri Acting Director	Institute for Socio-economic Change, Bangalore
26	Dr. Dasgupta	-do-
27	Ajit Dutt Materials Manager	Indian Telephone Industries Bangalore

28	Y N Tiwari Divisional Manager	Indian Telephone Industries Bangalore
29	Prof. Rajagopal	Bangalore University
30	K S Kamath Dy. Gen. Manager	Canara Bank Bangalore
31	S R Kamath	-do-
32	Ramachandran Land Bank Section	-do-
33	K A Bhat Social Adviser	-do-
34	H G V Reddy Chairman and MD	N.G.E.F. Ltd., Bangalore
35	Fernandes Branch Manager	Dunlop India Bangalore
36	M A Sethu Rao	Karnataka Council of Science and Technology
37	Shivananjappa Chairman	M S I L Bangalore
38	C R Seetharamaiah	Community Leader Narasapur
39	Dr. Venkataswamy	Arasikere
40	A Krishnamurthi	Member, IIM-B Board of Governors
41	Prof. N S Ramaswamy	Director, IIM-B
42	Prof. K L K Rao	Professor of Marketing, IIM-B
43	Dr. N V Ratnam	Chairman, Agricultural Sector, IIM-B
44	Prof. R P Iyer	Professor of Finance. IIM-B.

A STATISTICAL PROFILE OF
THE RURAL ECONOMY
FOR USE IN SOCIAL MARKETING

TABLE I

STATEWISE DISTRIBUTION OF URBAN & RURAL POPULATIONS

(Numbers in units of '000)

State/Union Territory	1961 ¹			1971 ²		
	Rural	Urban	Total	Rural	Urban	Total
Andhra Pradesh	29,709	6,274	36,983	35,100	8,403	43,503
Assam (including Mizoram)	10,308	795	11,103	13,631	1,327	14,958
Bihar	42,534	3,914	46,448	50,719	5,634	56,353
Gujarat	15,317	5,316	20,633	19,201	7,496	26,697
Haryana	6,283	1,308	7,591	8,264	1,773	10,037
Himachal Pradesh	2,634	178	2,812	3,218	242	3,460
Jammu & Kashmir	2,968	593	3,561	3,759	858	4,617
Karnataka	18,320	5,267	23,587	22,177	7,122	29,299
Kerala	14,350	2,554	16,904	17,881	3,466	21,347
Madhya Pradesh	27,745	4,627	32,372	34,869	6,785	41,654
Maharashtra	28,391	11,163	39,554	34,701	15,711	50,412
Manipur	712	68	780	931	142	1,073
Meghalaya	652	117	769	865	147	1,072
Nagaland	350	19	369	465	51	516
Orissa	16,439	1,110	17,549	20,099	1,846	21,945
Punjab	8,568	2,567	11,135	10,335	3,216	13,551
Rajasthan	16,874	3,282	20,156	21,222	4,544	2,5766
Sikkim	155	7	162	190	20	200
Tamil Nadu	24,696	8,991	33,687	28,734	12,465	41,199
Tripura	1,039	103	1,142	1,394	162	1,556
Uttar Pradesh	64,275	9,480	73,755	75,953	12,388	88,341
West Bengal	26,385	8,541	34,926	33,445	10,967	44,312
Andaman & Nicobar Islands	50	14	64	89	26	115
Arunachal Pradesh	337	—	337	450	18	468
Chandigarh	21	99	120	24	233	257
Dadra & Nagar Haveli	58	—	58	74	—	74
Delhi	299	2,360	2,659	419	3,647	4,066
Goa, Daman & Diu	526	101	627	631	227	858
Lakshadweep	24	—	24	32	—	32
Pondicherry	280	89	369	274	198	471
ALL INDIA	3,60,298	78,937	4,39,235	4,39,046	1,09,114	5,48,160

¹ As on March 1² Figures relate to April 1.SOURCE: *Census of India 1971, Part II-A (i): General Population Tables*

TABLE II

PERCENTAGE OF DISTRIBUTION OF RURAL HOUSEHOLDS BY OCCUPATION

(As on June 30, 1971)

(Household numbers in units of '000)

State	Cultivators & Agricultural Labourers			Artisans			Non-Cultivators			Other Non-Cultivators			Total			All Rural Households		
	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage	Num- bers	Peren- tage
1	2	3	4	5	6	7	8	9	10	11	12	13						
Andhra Pradesh	4,121	61.6	1,547	23.1	218	3.3	804	12.0	2,569	38.4	6,690	100.0						
Assam	1,580	81.6	120	6.2	16	0.8	220	11.4	357	18.4	1,937	100.0						
Bihar	6,942	80.4	1,151	13.4	88	1.0	449	5.2	1,688	19.6	8,630	100.0						
Gujarat	2,414	64.0	690	18.3	138	3.6	532	14.1	1,360	36.0	3,774	100.0						
Haryana	635	60.0	156	14.8	48	4.5	219	20.7	423	40.0	1,058	100.0						
Himachal Pradesh	425	92.4	3	0.6	4	0.9	28	6.1	35	7.6	460	100.0						
Jammu & Kashmir	524	93.9	4	0.7	3	0.5	27	4.9	34	6.1	558	100.0						
Karnataka	2,868	68.7	806	19.3	120	2.9	379	9.1	1,305	31.3	4,174	100.0						
Kerala	2,336	89.7	100	3.8	15	0.6	153	5.9	268	10.3	2,604	100.0						
Madhya Pradesh	4,849	82.0	610	10.3	83	1.4	372	6.3	1,065	18.0	5,915	100.0						

(Continued)

TABLE II CONTINUED

1	2	3	4	5	6	7	8	9	10	11	12	13
Maharashtra	4,113	68.6	1,187	19.8	172	2.9	522	8.7	1,881	31.4	5,994	100.0
Manipur	133	92.4	—	—	—	—	10	6.9	11	7.6	144	100.0
Meghalaya	160	90.4	5	2.8	—	—	12	6.8	17	9.6	177	100.0
Orissa	2,834	77.2	446	12.1	61	1.7	331	9.0	838	22.8	3,672	100.0
Punjab	666	42.9	400	25.8	80	5.1	406	26.2	885	57.1	1,551	100.0
Rajasthan	2,718	86.8	103	.3	46	1.5	264	8.4	413	13.2	3,131	100.0
Tamil Nadu	3,563	55.4	1,715	26.6	243	3.8	912	14.2	2,871	44.6	6,433	100.0
Tripura	150	89.3	4	2.4	—	—	13	7.7	18	10.7	168	100.0
Uttar Pradesh	10,659	77.8	1,113	8.1	402	2.9	1,535	11.2	3,050	22.2	13,709	100.0
West Bengal	4,001	65.8	1,058	17.4	118	1.9	905	14.9	2,081	34.2	6,081	100.0
Delhi	23	41.8	6	10.9	7	12.7	19	34.6	32	58.2	55	100.0
ALL INDIA	55,770	72.4	11,244	14.6	1,868	2.4	8,153	10.6	21,265	27.6	77,035	100.0

NOTE:— = Negligible

SOURCE: *All-India Debt and Investment Survey (1971-72)*: "Assets of Rural Households as on June 30, 1971"; Reserve Bank of India, 1976

TABLE III

**DISTRIBUTION OF AGRICULTURAL HOLDINGS
ACCORDING TO SIZE-GROUPS: 1970-72**

(From NSS 26th Round: July 1971 – September 1972)

(Number of holdings in '000)

Size-Groups (in hectares)	NSS 1971-72 (26th round)		Agricultural Census: 1970-71		Average Size of Holdings (in hectares)	
	No. of Holdings	Opera- tional Area	No. of Holdings	Opera- tional Area	NSS	Agricul- tural Census
1. 0.002-1.00	27,401 (46.23)	11,981 (9.21)	35,682 (50.62)	14,545 (8.97)	0.44	0.41
2. 1.01-2.02	13,097 (22.10)	19,058 (14.65)	13,432 (19.05)	19,282 (11.89)	1.46	1.43
3. 2.03-4.04	10,393 (17.53)	29,170 (22.42)	10,681 (15.15)	29,999 (18.50)	2.80	2.81
4. 4.05-10.12	6,546 (11.04)	39,554 (30.40)	7,932 (11.25)	48,234 (29.75)	6.04	6.08
5. 10.13 and above	1,832 (3.09)	30,332 (23.31)	2,766 (3.92)	50,064 (30.88)	16.55	18.10
TOTAL	59,269 (100.00)	130,095 (100.00)	70,493 (100.00)	162,124 (100.00)	2.19	2.10

NOTE: (1) The size-group classifications employed by the NSS and the Agricultural Census are not co-extensive. The size-groups for this table have been worked out by reconstituting the 14 NSS size-groups into five size-groups as above. For each one of the five NSS size-groups, the corresponding Agricultural Census size-groups are: below 1 hectare; 1-2; 2-4; 4-10; and 10 hectares and above.

(2) In the case of both NSS and the Agricultural Census, area figures refer to the total of rural and urban areas.

(3) There is no consequential difference between the NSS and Agricultural Census in their definition of the operational area.

(4) Figures in brackets indicate percentage distribution of the respective size-groups.

SOURCE: *Economic and Political Weekly*; Vol. XI, No. 41; page 1637 as reconstructed from NSS and Agricultural Census figures

TABLE IV

DISTRIBUTION OF RURAL HOLDINGS ACCORDING TO SIZE-GROUPS: FINANCIAL YEARS 1954, 1961 & 1977

(Number of holdings in units of '000, & area in hectares)

Size-groups (in hectares)	Average Size of Holdings					
	1954-55		1961-62		1971-72	
	(8th round)		(17th round)		(26th round)	
	No. of Holdings	Operational Area	No. of Holdings	Operational Area	No. of Holdings	Operational Area
1. 0.002-1.00	27,916 (50.74)	7,564 (5.57)	19,836 (39.08)	9,143 (6.86)	25,75 (45.28)	11,628 (9.25)
2. 1.01-2.02	9,315 (16.94)	13,606 (10.03)	11,484 (22.62)	16,409 (12.33)	12,883 (22.65)	18,737 (14.91)
3. 2.03-4.04	8,771 (15.94)	25,167 (18.55)	10,049 (19.80)	27,564 (20.70)	10,143 (17.83)	28,411 (22.61)
4. 4.05-10.12	6,400 (11.64)	39,644 (29.23)	7,103 (13.99)	41,492 (31.17)	6,349 (11.16)	38,211 (30.40)
5. 10.13 & above	2,610 (4.74)	49,646 (36.62)	2,293 (4.51)	38,545 (28.94)	1,754 (3.08)	28,697 (22.83)
TOTAL	55,012 (100.00)	135,627 (100.00)	50,765 (100.00)	133,152 (100.00)	56,884 (100.00)	125,684 (100.00)
					2.47	2.62
						2.21

- NOTE: 1. Figures in brackets indicate percentage distribution of respective size-groups
2. Basic data are drawn from the NSS (26th round) and Agricultural Census, 1970-71.
3. NSS 8th round: July 1954-April 1955
17th round: September 1961-July 1962
26th round: July 1971-September 1972

SOURCE: *Economic and Political Weekly*; Vol. XI, No. 41; page 1639

TABLE V

ALL INDIA INDEX NUMBERS FOR AGRICULTURAL PRODUCTION
1971-75

(Base year 1961-62 = 100)

Commodity/ Group	Weight	1970-71	1971-72	1972-73	1973-74	1974-75
1	2	3	4	5	6	7
I. FOODGRAINS						
Rice	34.80	123.8	127.0	115.7	129.9	118.7
Jowar	5.87	92.0	87.6	79.0	103.1	115.8
Bajra	2.53	230.6	152.8	112.9	216.0	92.8
Maize	2.40	175.3	119.4	149.4	135.7	133.8
Ragi	1.34	108.7	111.1	96.7	104.2	102.1
Small Millets	1.00	97.1	81.5	75.2	95.2	88.3
Wheat	8.36	214.2	237.3	222.3	195.7	217.8
Barley	1.59	95.8	88.7	81.9	81.6	108.4
Cereals	57.89	138.9	137.5	126.6	138.2	131.0
Gram	3.85	88.3	86.3	77.1	69.7	69.0
Tur	1.25	108.7	97.1	111.2	81.2	104.8
Other Pulses	2.87	105.6	96.6	76.8	100.3	100.8
Pulses	7.97	97.7	91.7	82.3	82.5	86.1
Foodgrains	65.86	133.9	132.0	121.2	131.5	125.6
II. NON-CEREAL CROPS						
Ground-nut	5.40	132.0	133.5	88.4	128.2	107.9
Sesamum	0.64	158.2	126.5	108.5	136.1	114.7
Rapeseed & Mustard	1.70	158.0	114.6	144.6	136.3	176.8
Castorseed	0.12	91.4	103.4	97.6	153.8	145.1
Linseed	0.51	109.3	122.2	98.8	116.3	124.1
Oil-seeds	11.44	133.4	131.0	108.4	130.8	127.9
Cotton	3.27	102.2	149.1	123.0	135.3	151.8
Jute	1.34	99.1	114.1	99.9	124.8	90.0
Mesta	0.31	91.8	84.2	81.4	106.6	97.1
Fibres	5.04	100.2	133.8	112.8	129.0	130.1
Tea	2.88	125.4	130.5	136.5	141.4	146.8
Coffee	0.27	198.5	124.1	164.1	155.6	165.7
Rubber	0.11	343.6	377.3	419.1	466.8	485.1
Plantation Crops	3.26	138.8	138.3	148.4	153.6	159.8
Sugar-cane	7.79	122.3	109.6	120.3	136.0	134.9

(Continued)

TABLE V CONTINUED

1	2	3	4	5	6	7
Tobacco	1.37	117.7	136.2	121.0	150.2	128.3
Potatoes	1.22	171.6	179.5	165.9	180.8	229.5
Pepper (black)	0.13	78.2	78.2	78.2	85.7	84.2
Chillies (dry)	1.51	131.7	125.0	104.0	125.2	113.4
Ginger (dry)	0.04	168.1	197.1	190.9	216.9	221.5
Miscellaneous						
Crops	9.44	122.1	113.4	119.7	138.8	132.6
Non-Cereal						
Crops	34.14	126.6	128.9	118.9	137.1	136.5
ALL COMMODITIES	100.00	131.4	130.9	120.4	133.4	129.3

SOURCE: *Estimates of Area and Production of Principal Crops in India, 1974-75*; Directorate of Economics & Statistics, Ministry of Agriculture and Irrigation, New Delhi.

TABLE VI

ESTIMATE OF FARMING VIABILITY BASED ON AVERAGE HOUSEHOLD INCOMES

(Amount in rupees)

Survey District/Village		Net farm Income	Non-farm Income	Income from Sub- sidiary Occupations		Total Income (1+2+3+4)	Total Consump- tion Ex- penditure	Total Farming Income (1+3+4)	Surplus (+ or (—) Deficit (7)–(6)
				Dairying	Other				
		1	2	3	4	5	6	7	8
Amritsar-Ferozepur	A	3,837	446	4,125	737	9,145	3,363	8,699	+ 5,336
	B	3,286	470	2,543	574	6,873	3,250	6,403	+ 3,153
	C	3,133	604	2,712	303	6,752	3,386	6,148	+ 2,762
	D	3,468	311	2,343	894	7,016	3,090	6,705	+ 3,615
Cannanore	A	1,095	1,295	479	346	3,215	2,195	1,920	— 275
	B	1,119	1,239	550	335	3,243	2,489	2,004	— 485
	C	1,127	1,232	542	340	3,241	2,492	2,009	— 483
	D	916	1,426	762	201	3,305	2,431	1,879	— 552
Champaran	A	2,905	308	492	265	3,970	1,780	3,662	+ 1,882
	B	2,189	245	256	148	2,838	1,309	2,593	+ 1,284
	C	1,587	509	217	164	2,477	1,039	1,968	+ 929
	D	2,428	238	329	169	3,164	1,498	2,926	+ 1,428

(Continued)

TABLE VI CONTINUED

	1	2	3	4	5	6	7	8
Cuddapah								
A	2,084	794	400	451	3,729	2,340	2,935	+ 595
B	2,322	625	448	430	3,825	2,434	3,200	+ 766
C	2,497	690	473	436	4,096	2,585	3,406	+ 821
D	1,974	498	398	417	3,287	2,134	2,789	+ 655
Dhenkanal								
A	1,253	1,112	243	692	3,300	2,575	2,188	— 387
B	949	870	56	303	2,178	1,751	1,308	— 443
C	936	864	56	305	2,161	1,739	1,297	— 442
D	1,684	1,200	—	209	3,093	2,392	1,893	— 499
Hooghly								
A	2,652	1,170	365	222	4,409	4,051	3,239	— 812
B	2,579	798	294	258	3,929	4,159	1,131	— 1,028
C	3,763	874	450	334	5,421	3,807	4,547	+ 740
D	1,868	753	201	206	3,028	4,370	2,275	— 2,095
Junagadh								
A	968	1,110	1,531	560	4,169	3,593	3,059	— 534
B	207	1,629	1,126	290	3,252	2,961	1,623	— 1,338
C	230	1,602	1,074	227	3,133	3,040	1,531	— 1,509
D	63	1,797	1,457	170	3,487	2,453	1,690	— 763
North Kanara								
A	2,134	675	574	634	4,017	2,477	3,342	+ 865
B	1,672	577	414	568	3,231	2,076	2,654	+ 578
C	1,681	592	409	574	3,256	2,087	2,664	+ 577
D	1,399	158	583	404	2,544	1,766	2,386	+ 620

(Continued)

TABLE VI CONTINUED

	1	2	3	4	5	6	7	8
Pratapgarh								
A	3,968	1,661	1,361	930	7,920	3,384	6,259	+ 2,875
B	22,898	1,245	738	883	5,764	3,012	4,519	+ 1,507
C	—	—	—	—	—	—	—	—
D	2,898	1,245	738	883	5,764	3,012	4,519	+ 1,507
Ratlam-Ujjain								
A	1,559	1,101	708	513	3,881	2,431	2,780	+ 349
B	1,980	982	603	543	4,108	2,186	3,126	+ 940
C	965	1,043	833	432	3,273	2,184	2,230	+ 46
D	2,195	969	554	567	4,285	2,187	3,316	+ 1,129
Ratnagiri-Satara								
A	2,098	1,273	1,311	1,353	6,035	3,327	4,762	+ 1,435
B	1,798	1,091	775	1,317	4,981	3,104	3,890	+ 786
C	1,802	1,093	792	1,340	5,027	3,144	3,934	+ 790
D	1,665	1,034	276	665	3,640	1,959	2,606	+ 647
Tirunelveli								
A	963	594	199	331	2,087	1,246	1,493	+ 247
B	746	463	104	174	1,487	1,129	1,024	— 105
C	812	458	106	188	1,564	1,137	1,106	— 31
D	626	472	101	150	1,349	1,114	877	— 237
Udaipur								
A	443	1,079	718	431	2,661	2,168	1,582	— 586
B	220	1,180	577	415	2,392	1,902	1,212	— 690
C	—	—	—	—	—	—	—	—
D	220	1,180	577	415	2,392	1,902	1,212	— 690

(Continued)

TABLE VI CONTINUED

NOTE: Group A comprises identified farmers who had availed themselves of both short-term loans for production and term-loans from co-operatives for investment in irrigation works and in subsidiary occupations (beneficiaries).

Group B comprises identified farmers who had not participated in any scheme sponsored by the Agencies although some of them were members of co-operative credit societies and had availed themselves of short-term production credit (non-beneficiaries).

Group C consists of farmers who had availed themselves of short-term credit for production from co-operatives (non-beneficiaries).

Group D consists of farmers who had not resorted to any institutional credit whatever (non-beneficiaries).

SOURCE: *Monthly Commentary on Indian Economic Conditions*; Annual Number; 1976; pp. 50-51

TABLE VII

DISTRIBUTION OF IDENTIFIED FARMERS ACCORDING TO INCOME
SIZE-GROUPS*(As percentage)*

Agency	Percentage Proportion of Farmers with Incomes up to			
	Rs. 1,200	Rs. 1,201 to Rs. 2,400	Rs. 2,401 to Rs. 3,600	Rs. 3,601 and above
Amritsar-Ferozepur	0.4	5.2	9.4	85.0
Cannanore	6.2	42.8	32.5	18.5
Champaran	4.8	35.3	29.4	29.5
Cuddapah	3.7	27.9	25.2	43.2
Dhenkanal	13.9	43.5	20.5	22.1
Hooghly	13.8	17.7	20.1	48.4
Junagadh	21.1	24.2	18.0	36.7
North Kanara	3.5	36.3	32.5	27.7
Pratapgarh	1.7	8.1	16.5	73.7
Ratlam-Ujjain	16.9	30.8	20.8	31.5
Ratnagiri-Satara	5.0	30.1	22.7	42.2
Tirunelveli	49.5	35.3	7.2	8.0
Udaipur	14.2	50.2	23.3	12.3

SOURCE: *Monthly Commentary on Indian Economic Conditions*; Annual Number, 1976; p. 48

TABLE VIII

**DISTRIBUTION OF IDENTIFIED FARMERS ACCORDING TO SHARE
OF NON-FARM INCOME IN TOTAL**

Agency	Proportion of Cultivators with only Farm Income	Proportion of Cultivators Earning Incomes from Non-farming Sources	
		Up to 50% of Total Income	Above 50%
Amritsar-Ferozepur	0.5	55.0	44.5
Cannanore	8.6	35.8	55.6
Champaran	—	92.4	7.6
Cuddapah	2.3	55.9	41.8
Dhenkanal	2.3	36.9	61.1
Hooghly	3.6	72.0	24.4
Junagadh	0.4	14.1	85.5
North Kanara	—	54.9	45.1
Pratapgarh	—	56.8	43.2
Ratlam-Ujjain	0.5	31.3	68.2
Ratnagiri-Satara	—	38.9	61.1
Tirunelveli	1.5	41.6	56.9
Udaipur	—	60.2	39.8

SOURCE: *Monthly Commentary on Indian Economic Conditions*; Annual Number, 1976; p. 48

TABLE IX

**INDEX NUMBERS OF WHOLESALE PRICES:
MANUFACTURES & AGRICULTURAL PRODUCE**

(Base: 1961-62 = 100)

	General Index of Wholesale Prices ¹	Manufactures' Index ²	Agricultural Produce Index ³	Proportion of Manufactures' to Agriculture Prices Index 3:4
Weight	100.00	32.26	32.30	—
1	2	3	4	5
1962-63	103.8	103.2	102.3	100.9
1963-64	110.2	105.9	108.4	97.7
1964-65	122.3	109.4	130.9	83.6
1965-66	131.6	117.0	141.7	82.6
1966-67	149.9	125.3	166.6	75.2
1967-68	167.3	129.1	188.2	68.6
1968-69	165.4	132.8	179.4	74.0
1969-70	171.6	139.7	194.8	71.7
1970-71	181.1	149.7	201.0	74.5
1971-72	188.4	160.5	199.6	80.4
1972-73	207.1	168.8	219.7	76.8
1973-74	254.2	189.4	280.6	67.5
1974-75	313.0	240.7	351.2	68.5
1975-76	302.8	247.2	311.4	79.4
April 1976	288.5	246.7	283.4	87.1
May 1976	292.3	247.1	288.4	85.7
June 1976	296.3	247.6	296.0	83.6
July 1976	308.6	250.3	310.7	80.6
August 1976	310.0	250.6	313.2	80.0
September 1976	314.2	251.4	318.9	79.1 [sic]

NOTE: ¹ Weekly Averages

² Includes "Chemicals," "Machinery and Transport Equipment," and "Finished Products".

³ Derived Series: Weighted average of the "Indices of rice, wheat, jowar, bajra, maize, barley, ragi, gram, arhar, moong, masur, urad, potatoes, onions, oranges, bananas, cashew-nuts, spices and condiments, tea, coffee, betelnuts, tobacco raw, cotton raw, jute raw and mesta, hemp raw, coir fibre, ground-nuts, linseed, castor-seed, rapeseed, gingelly seed, cotton seed, copra, tanning materials, sugar-cane, rubber, logs and timber and bamboo

SOURCE: *Monthly Commentary on Indian Economic Conditions*; Annual Number; 1976; p. 70

TABLE

AVERAGE ASSETS & LIABILITIES OF

1971-

State	FARMING					
	All Households		All Cultivators		Agricultural Labourers	
	A	L	A	L	A	L
Andhra Pradesh	8,082.29	663.09 (8.21)	11,975.73	925.62 (7.73)	934.75	159.66 (17.05)
Assam	7,832.91	187.53 (2.39)	9,157.46	205.97 (2.25)	886.65	33.73 (3.80)
Bihar	12,827.92	302.49 (2.36)	15,539.07	342.69 (2.21)	927.03	124.14 (13.39)
Gujarat	12,874.38	928.04 (7.21)	18,502.19	1,238.72 (6.69)	1,601.66	240.03 (14.99)
Haryana	27,138.66	924.73 (3.41)	41,824.67	1,190.28 (2.85)	3,049.74	506.04 (16.59)
Himachal Pradesh	22,672.70	562.43 (2.48)	24,106.74	577.57 (2.40)	2,223.14	741.76 (33.37)
Jammu & Kashmir	15,259.92	357.89 (2.35)	15,938.27	371.15 (2.33)	2,575.07	72.74 (2.82)
Karnataka	10,761.54	788.37 (7.33)	14,929.77	1,044.38 (7.00)	1,316.75	228.73 (17.37)
Kerala	11,516.03	369.42 (3.18)	12,754.57	400.82 (3.14)	783.28	30.25 (3.86)
Madhya Pradesh	10,520.31	409.67 (3.89)	12,362.03	461.72 (3.74)	1,092.16	165.51 (15.15)
Maharashtra	11,682.07	597.78 (5.12)	16,232.78	812.99 (5.01)	1,073.96	68.34 (6.36)
Manipur	7,296.43	102.60 (1.41)	7,615.89	106.61 (1.40)	2,290.75	294.50 (12.86)
Meghalaya	6,017.62	14.78 (0.25)	6,503.52	15.58 (0.24)	1,017.29	7.62 (0.75)
Orissa	6,023.45	201.88 (3.35)	7,382.04	234.98 (3.18)	727.22	45.70 (6.28)

RURAL OCCUPATIONAL GROUPS

1972

NON-FARMING					
Artisans		Other Non-cultivators		Total	
A	L	A	L	A	L
1,362.47	240.51 (17.65)	3,684.20	401.28 (10.89)	1,831.92	241.99 (13.21)
2,293.07	51.52 (2.25)	2,536.30	149.33 (5.89)	1,968.75	105.89 (5.38)
1,661.29	189.53 (11.41)	3,611.80	160.44 (4.44)	1,679.89	137.23 (8.17)
3,900.22	396.42 (10.16)	4,286.61	548.44 (12.79)	2,886.17	376.65 (13.03)
5,757.25	603.83 (10.49)	6,396.52	523.57 (8.19)	5,088.26	526.11 (10.34)
4,030.53	117.40 (2.91)	5,554.72	376.13 (6.77)	5,100.59	376.86 (7.39)
4,220.44	191.09 (4.53)	5,285.49	163.02 (3.03)	4,843.76	154.27 (3.18)
1,851.95	173.82 (9.39)	3,391.13	311.52 (9.19)	1,966.24	154.27 (12.62)
1,276.64	104.28 (8.17)	2,290.78	137.24 (5.99)	1,671.29	95.51 (5.71)
1,694.92	211.06 (12.45)	3,928.48	175.43 (4.47)	2,129.43	172.55 (8.10)
1,664.27	151.99 (9.13)	3,249.77	252.89 (7.78)	1,731.74	127.19 (7.74)
1,021.67	12.33 (1.21)	3,537.40	45.77 (1.29)	3422.41	53.98 (1.58)
1,555.33	—	1,737.63	7.46 (0.43)	1,527.99	7.42 (0.49)
1,153.09	51.96 (4.51)	2,424.00	156.53 (6.46)	1,428.26	89.93 (6.30)

(Continued)

State	FARMING					
	All Households		All Cultivators		Agricultural Labourers	
	A	L	A	L	A	L
Punjab	31,833.25	1,083.95 (3.41)	6,278.77	1,913.40 (3.05)	3,473.17	561.38 (16.16)
Rajasthan	12,753.71	895.16 (7.02)	13,947.09	949.88 (6.81)	1,886.30	507.25 (26.89)
Tamil Nadu	6,826.56	695.00 (10.18)	10,907.29	1,106.36 (10.14)	694.82	128.30 (18.47)
Tripura	6,475.28	241.09 (3.72)	7,048.68	258.00 (3.66)	767.49	215.18 (28.04)
Uttar Pradesh	13,531.27	346.77 (2.56)	16,350.22	371.64 (2.27)	1,521.44	205.05 (13.48)
West Bengal	7,330.78	201.03 (2.74)	9,964.59	262.03 (2.63)	577.86	45.05 (7.80)
Delhi	22,688.74	629.64 (2.78)	45,618.99	824.65 (1.81)	4,932.93	280.55 (5.69)
ALL INDIA	11,343.34	503.07 (4.16)	14,693.99	611.96 (4.16)	1,139.06	161.96 (14.22)

NOTE: (1) A = Average assets per household
(2) L = Average liabilities per household
(3) Figures in parantheses represent liabilities as percentage of assets.

SOURCE: *All India Debt and Investment Survey: 1971-72; Vol. I, Reserve Bank*

NON-FARMING

Artisans		Other Non-cultivators		Total	
A	L	A	L	A	L
6,096.45	456.08 (7.78)	14,044.81	361.40 (2.57)	8,555.50	460.25 (5.38)
3,404.75	681.08 (20.01)	6,347.03	520.74 (8.20)	4,904.55	535.26 (10.91)
1,308.59	225.31 (17.22)	3,887.62	279.07 (7.18)	1,761.58	184.43 (10.47)
338.00	85.67 (25.35)	2,033.69	61.01 (3.00)	1,700.17	100.30 (5.90)
2,725.76	306.27 (11.24)	5,492.60	287.49 (5.23)	3,678.61	259.86 (7.06)
2,360.86	109.56 (4.64)	4,229.24	125.70 (2.97)	2,266.86	83.77 (3.70)
3,608.56	836.88 (23.19)	8,055.10	417.80 (5.19)	6,506.26	492.61 (7.57)
2,369.19	260.80 (11.01)	4,481.10	288.44 (6.16)	2,599.80	218.92 (8.42)

of India (1975); Table VII

TABLE XI

STATEWISE PERCENTAGE SHARE OF HOUSEHOLD CLASSES IN TOTAL LIABILITIES: 1970-71

State	Estimated Total Liabilities (in crores of rupees)	Percentage Shares of Household Classes in Total Liabilities CULTIVATOR					NON-CULTIVATOR			
		Landless	Margi- nal ¹	Small ²	Medium and Large ³	Total	Agricul- tural Labourers	Arti- sans	Other non-cul- tivators	Total
		3	4	5	6	7	8	9	10	11
1	2									
Andhra Pradesh	443.61	0.23	19.99	14.25	51.52	85.99	5.66	1.18	1.64	14.01
Assam	36.32	4.82	39.07	24.01	21.19	89.59	1.10	0.22	9.09	10.41
Bihar	261.05	0.40	41.06	17.10	32.57	91.13	5.47	0.64	2.76	8.87
Gujarat	350.24	0.13	9.52	15.52	60.24	85.38	4.73	1.56	8.33	14.62
Haryana	97.84	0.36	11.30	11.97	53.62	77.25	8.07	2.96	11.72	22.75
Himachal Pradesh	25.87	0.39	35.83	24.82	33.86	94.90	0.85	0.19	4.06	5.10
Jammu & Kashmir	19.97	0.05	36.56	42.77	18.02	97.40	0.15	0.30	2.15	2.60
Karnataka	329.07	0.91	12.94	12.43	63.98	90.26	5.55	0.63	3.56	9.74
Kerala	96.20	1.88	54.94	14.47	26.04	97.33	0.31	0.17	2.19	2.67
Madhya Pradesh	242.32	0.33	10.36	13.14	68.56	92.39	4.18	0.72	2.71	7.61
Maharashtra	358.31	0.32	8.38	8.79	75.83	93.32	2.26	0.73	3.69	6.68
Manipur	1.48	0.68	46.62	27.03	21.62	95.95	0.34	0.35	3.38	4.05
Meghalaya	0.26	⁴	53.84	19.23	23.08	96.15	⁴	⁴	3.85	3.85

(Continued)

TABLE XI CONTINUED

1	2	3	4	5	6	7	8	9	10	11
Orissa	74.13	0.43	41.27	19.63	28.50	89.83	2.75	0.43	6.99	10.17
Punjab	168.12	0.33	9.94	8.84	56.69	75.80	13.34	2.17	8.69	24.20
Rajasthan	280.27	0.57	13.69	12.99	64.87	92.12	1.89	1.17	4.90	7.88
Tamil Nadu	447.09	0.62	29.82	19.40	38.33	88.17	4.92	1.23	5.68	11.83
Tripura	4.05	3.21	36.79	29.63	25.93	95.56	2.47	⁴	1.97	4.44
Uttar Pradesh	475.39	0.50	32.30	18.34	32.19	83.33	4.80	2.59	9.28	16.67
West Bengal	122.25	1.09	39.93	19.24	25.50	85.76	3.90	1.06	9.28	14.24
Delhi	3.46	1.44	11.56	0.87	41.04	54.51	4.92	17.05	23.12	45.09
ALL INDIA	38,75.40	0.56	22.05	15.05	50.33	87.39	4.69	1.26	6.06	12.01

NOTES: ¹ With less than 1 hectare of operational holdings² With 1-2 hectares of operational holdings³ With more than 2 hectares of operational holdings⁴ Negligible: NilSOURCE: (i) "Assets of Rural Households as on June 30th 1971," Statistical Tables; *All-India Debt and Investment Survey* (1971-72); Reserve Bank of India; 1976

TABLE XII

**AGENCYWISE DISTRIBUTION OF AGRICULTURAL CREDIT
AS FOUND BY FOUR SURVEYS 1950-81¹**

(As percentage of total credit)

Agency	AIRCS ² (1950-51)	AIRDIS ³ (1961-62)	NCAER ⁴ (1970-71)	IIPO(E) ⁵ (1980-81)
Government	3.3	2.9	3.6	4.0
Co-operatives	3.1	15.5	22.7	30.0
Commercial Banks	0.9	0.6	4.0	20.0
Money-lenders, Traders & Commission Agents	75.2	58.0	49.6	35.0
Friends and Relatives	14.2	8.8	18.8	10.0
Others	3.3	14.2	1.3	1.0
Total:	100.0	100.0	100.0	100.0

NOTE: ¹The borrowers were cultivating households.

AIRCS = All India Rural Credit Survey RBI

AIRDIS = All India Rural Debt & Investment Survey RBI

NCAER = National Council of Applied Economic Research,
New Delhi.

IIPO = Indian Institute of Public Opinion, New Delhi

E = Estimated

SOURCE: Constructed from Reserve Bank Publications by *Economic and Political Weekly*; *ibid.*,

TABLE XIII

AGENCYWISE DISTRIBUTION OF CREDIT - II
1951-79

(As percentage of total credit)

Credit Agency	1951-52	1961-62	1969-70	1978-79 (Target)
1. Agricultural Money-lenders	24.0	36.9		
2. Professional Money-lenders	44.8	13.2		
3. Trade & Commission Agents	5.5	8.8		
4. Others	17.5	23.3		
5. Non-institutional Agencies (1 + 2 + 3 + 4)	92.7	81.3		
6. Government	3.3	2.6		
7. Commercial Banks	0.9	0.6	5.3	16.7
8. Co-operatives	3.1	15.5	33.0	40.7
9. Institutional Agencies (6 + 7 + 8)	7.3	18.7		

SOURCE: (1) Report of the All India Rural Credit Review Committee, 1969
(2) Plan Documents

TABLE XIV
BANK ADVANCES TO AGRICULTURE
1969-74

(In crores of rupees)

Year 1	Number of Accounts 2	Amount Outstanding (direct finance only) 3	Percentage to total advances 4
June 1969	1,60,020	40.20	1.4
June 1970	6,12,477	160.38	4.3
June 1971	7,93,100	206.37	4.8
June 1972	9,26,583	231.89	5.0
June 1973	12,46,326	297.86	5.5
June 1974	16,30,127	391.58	6.0

SOURCE: *Economic Survey*, 1974-75; Government of India; p. 87

TABLE XV

RELATION BETWEEN OUTSTANDING LOANS & FARM SIZE
(As on March 30, 1973)

(In lakhs of rupees)				
Size of Holding	Amounts Outstanding to			Percentage of Total
	State Bank Group	Nationalized Banks	Total	
TERM LOANS:				
Up to 2.5 acres	290.18	530.20	820.38	5.1
Above 2.5 acres and up to 5 acres	509.95	1,397.62	1,907.57	11.8
Above 5 acres and up to 10 acres	787.14	2,556.74	3,343.88	20.8
Above 10 acres	2,273.91	7,753.62	10,027.53	62.3
Total:	3,861.18	12,238.18	16,099.36	100.0
SHORT-TERM LOANS:				
Up to 2.5 acres	748.21	1,107.46	1,855.67	24.0
Above 2.5 acres and up to 5 acres	781.43	823.57	1,605.00	20.7
Above 5 acres and up to 10 acres	566.31	1,048.63	1,614.94	20.9
Above 10 acres	726.75	1,929.90	2,656.65	34.4
Total:	2,822.70	4,909.56	7,732.26	100.0

SOURCE: *Records & Statistics*; Quarterly Bulletin of the *Eastern Economist*; August 1974

TABLE XVI

ESTIMATED PURPOSEWISE BORROWINGS BY CULTIVATING HOUSEHOLDS

Source	Reference Period	Average Borrowings per Household (Rs)					Aggregate Borrowings (in millions of rupees)				Percentages of Total			
		Capital for Farm- ing Business	Current Farming Expenses	Household and Other Non-farm Expenses	Total		Capital for Farm- ing	Current Farming Expenses	Household and Other Non-farm Expenses	Total	Capital for Farm- ing	Current Farming Expenses	Household and Other Non-farm Expenses	Total
1. AIRCS	1951-52	66.2	22.3	121.5	210.0	—	—	—	—	7,500	31.5	10.6	57.9	100.0
2. AIRDIS	1961-62	45.5	27.8	132.1	205.4	2,289	1,398	6,654	10,341	22.2	13.5	64.3	100.0	100.0
3. Working Group	1970-71	—	—	—	—	3,150	—	11,060	14,210	22.2	—	—	77.8	100.0
4. NCAER	1970-71	112.0	85.0	179.0	376.0	4,848	3,647	7,737	16,232	29.8	22.6	47.6	100.0	100.0

NOTE: AIRCS = All-India Rural Credit Survey RBI

AIRDIS = All India Rural Debt & Investment Survey RBI

NCAER = National Council of Applied Economic Research

SOURCE: *Monthly Commentary on Indian Economic Conditions*; Annual Number; 1976; p. 70

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